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The Shifting Sands of Public Opinion: Is Liberalism Back?

William G. Mayer

What Thatcher Wrought — *Irwin M. Stelzer*

Of NIMBYs, LULUs, and NIMTOOs — *Herbert Inhaber*

Organs for Sale? Propriety, Property, and the Price of Progress — *Leon R. Kass*

Savings-and-Investment and Other Myths — *Peter L. Bernstein*

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The shifting sands of public opinion: Is liberalism back?

WILLIAM G. MAYER

THE FINAL POLLS won't start to close on the night of November 3, 1992 until 7:00 p.m. Eastern Standard Time, but a few hours later, with most of the actual votes still uncounted, politicians and pundits will already be arguing about how to interpret them. Such debates have become a recurrent feature of American elections. Most presidential contests, and even many mid-term elections, are closely scrutinized by our national sages and prognosticators to see what they reveal about the elusive and fickle "mood" of the American public. The general tenor of such analysis is probably familiar to most political observers. In 1960, it was said, the American people were restless, ready for something new. In 1964, they lurched sharply to the left. In 1968, depending on whom one talked to, they had either become liberal because of Vietnam or conservative because of crime. Over the next three elections, they moved right, center, and then right again, a little bit like a drunken sailor.

For most of our nation's history, such speculation was unavoidable. Elections and mass protest movements were our only real clue as to what ordinary citizens (as distinct from political elites)

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were thinking about the issues of the day. Since the 1930s, however, it has been possible to measure the public pulse with considerably more precision, through the use of mass sample surveys. Even with all of their well-rehearsed limitations (the problems of question wording and question order, the often-disregarded complexities involved in putting together a true probability sample), public opinion polls, properly conducted and interpreted, provide us with a considerably more accurate means of assessing the changes and trends in public opinion than any other alternative.

Surprisingly, however, not until rather recently have pollsters and scholars started to take full advantage of this resource. After the 1980 election, as we will see, there occurred a sharp debate about whether Ronald Reagan's victory signaled a decisive shift to the right in American public opinion. And while significant voices could be heard on both sides of this issue, very few of the disputants ever bothered to examine more than a tiny part of the available evidence. But for those with a serious interest in pursuing such questions, the picture has now become considerably brighter. A number of major survey archives—chief among them, the Roper Center at the University of Connecticut—have collected and catalogued the past results of commercial and academic pollsters. And many survey organizations—in particular, the National Opinion Research Center (NORC) at the University of Chicago—have shown increased appreciation for the value of taking regular, repeated soundings of mass attitudes on a wide range of significant issues. When these data are brought together and analyzed, they provide a fascinating perspective on recent American political history—and on the context of the 1992 elections.

Public opinion trends

While many of the most interesting issues in voting analysis are now shrouded in a dense fog of methodological controversy, there is little dispute as to the best procedure for tracking changes in public opinion. One simply looks for cases where a survey question has been asked, with the same wording, on several different occasions over an extended period of time. In 1956, for example, the Gallup Poll asked a national sample of American adults: "Do you favor the death penalty for persons convicted of murder?" Gallup then asked this same question once more in the 1950s, five times

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in the 1960s, on five occasions in the 1970s, and then six times between 1980 and 1988. Obviously, the results will fluctuate a bit due to sampling error. But if the percentage who say that they favor the death penalty shows a large and sustained increase, we can interpret this as showing that American public opinion became more conservative on this particular issue. Alternatively, if opposition to the death penalty increases, we have evidence that public opinion has moved to the left. In this particular case, public opinion drifted slowly to the left from 1956 to 1966, then broke in a sharply conservative direction. Between 1966 and 1988, support for the death penalty increased by about 35 percentage points.

Drawing on polls from a dozen different survey organizations, I have assembled similar time-series data on almost every major controversy in recent American politics: busing, school prayer, marijuana, abortion, and the ERA; defense spending, arms control, foreign aid, and military intervention; taxes, domestic spending, welfare, regulation, and the environment.[1]

The results, summarized in Tables I to IV, show the balance of ideological changes that occurred during four different periods that are generally thought to define the most significant "eras" in recent American politics: 1960-1965, 1966-1973, 1974-1980, and 1981-1988.

1960-1965: Stability

Usable survey data for these years are rather thin (the Gallup Poll was almost the only survey organization doing regular polling during this period), and my interest in them, in any event, was partly as a way of establishing a baseline for the changes in the other three periods. What evidence is available, however, strongly suggests that this was a time of fairly stable attitudes. Liberal trends appear in a small number of issues, including racial equality and capital punishment. With the exception of race, however, the changes were rather small; and they were counter-balanced by an almost equal number of conservative changes.

Particularly striking, in view of the policy changes that occurred during these years, is the total absence of evidence to indicate that

[1]For the data on which these conclusions are based and a more detailed analysis of specific issues, see William G. Mayer, *The Changing American Mind: How and Why American Public Opinion Changed Between 1960 and 1988* (Ann Arbor: University of Michigan Press, 1992, forthcoming).

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Table I. Changes in American Public Opinion Between 1960 and 1965

Issues on which public opinion became more liberal	Issues on which public opinion exhibited little or no change	Issues on which public opinion became more conservative
Capital punishment	Gun registration	Gun ownership
Racial equality	Labor unions	Business
Legal regulation of birth control	Religious beliefs and practices	General opinions of Communist China
	Role and status of women	Regulation
	Balance of military strength	
	Relations with the Soviet Union	
	Admitting Communist China to the UN	
	Taxes	
	Abortion	

public opinion was becoming more liberal on economic issues. Over the last decade, a small army of left-leaning political scientists has written books and articles vehemently denying that public opinion took a right turn during the 1970s, and complaining bitterly that the "Reagan revolution" was built upon a foundation of misunderstanding, distortion, and manipulation. While I will dispute this verdict below, it is interesting to note that the Great Society may have been based on just such a misperception. Though many claim that John F. Kennedy inspired the nation to a new commitment to public service, or that Lyndon Johnson's landslide victory over Barry Goldwater showed a growing public determination to expand federal welfare and regulatory programs, such assertions find little support in the available survey data. I can find no indication that the public's thinking about domestic economic issues during the heyday of the New Frontier and the Great Society changed very much from its position in the 1950s.

1966-1973: Liberal shift

The late 1960s and early 1970s, by contrast, definitely stand out as a time of increasing liberalism in public attitudes. The popular image of these years as a time of rapid and wrenching social change clearly does have a strong basis in fact. Particularly large

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Table II. Changes in American Public Opinion Between 1966 and 1973

Issues on which public opinion became more liberal	Issues on which public opinion exhibited little or no change	Issues on which public opinion became more conservative
Wiretapping	Gun registration	United Nations
Racial equality	Religious beliefs	Gun ownership
Centrality of religious beliefs	Size and power of government	Crime and punishment
Sexual mores		Taxes
Divorce		Federalism
Abortion		Labor unions
Religious practices		Foreign aid
Business		
Military spending		
Legalizing marijuana		
Military intervention		
Government assistance for the poor		
Environmental protection		
Role and status of women		
Conceptions of the family		
Legal regulation of birth control		
School prayer		
Relations with the Soviet Union		
Relations with Communist China		

changes occurred in a number of cultural issues, such as premarital sex, abortion, racial equality, and the role and status of women; in foreign policy, where popular discontent with the Vietnam War led to noticeably more liberal stances on military intervention, the defense budget, and relations with the Soviet Union; and in growing cynicism about the performance of business.

In 1965, for example, only 15 percent of an NORC sample said that a pregnant woman who did not want any more children should be able to obtain a legal abortion. By 1973, 46 percent supported

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abortions in this circumstance. Between 1969 and 1973, the number of Americans who felt that "sex relations before marriage" were not wrong jumped from 21 percent to 43 percent. Where only 19 percent of a Gallup sample said that this country was spending too much on national defense in 1960, 46 percent took this position in 1973. The number who agreed that "there's too much power concentrated in the hands of a few large companies" increased from 52 percent in 1965 to 75 percent in 1973.

1974-1980: Right turn

There are two different "conventional wisdoms" about the changes in public opinion that preceded the 1980 elections. Among practicing politicians and journalistic commentators, Reagan's landslide victory, coupled with the large Republican gains in the Senate and the House of Representatives, was widely interpreted as showing a substantial shift to the right in American public opinion. And that perception, in turn, played a major role in Reagan's legislative successes throughout 1981 in cutting social spending, increasing defense spending, and reducing taxes.

But academic studies of the 1980 election took a decisively different view of the matter. The first major academic analyses of the 1980 vote began to appear in early 1981, and almost without exception, they rejected the contention that American public opinion had become more conservative. To the best of my knowledge, of the numerous books and articles that appeared soon after Reagan's victory, exactly one (published in the *British Journal of Political Science*) showed any sympathy at all with the "right turn" hypothesis. Indeed, there is now a rather substantial secondary literature on the 1980 election that, starting from the assumption that no change in public opinion actually occurred, views the widespread clamor about a new conservative mood as evidence of a right-wing bias in the news media.[2]

Yet, as I have noted earlier, while many academics denied that a conservative shift had taken place, relatively few bothered to collect or analyze the kinds of data discussed above. Most such studies produced evidence only on the quite different question of whether a partisan realignment had taken place, and thus looked at such

[2]See, for example, Michael Parenti, *Inventing Reality: The Politics of the Mass Media* (New York: St. Martin's Press, 1986); and David Paletz and Robert Entman, *Media Power Politics* (New York: Free Press, 1981).

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matters as party identification, aggregate voting patterns, and economic performance indicators.[3]

The data I have assembled, however, leave little doubt that the conservative shift was real, substantial, and broad-based. American attitudes really did become more conservative—often substantially more so—about a wide range of issues: crime, the ERA, relations with the Soviet Union, military spending and intervention, taxes, the role of government, domestic spending, regulation, job creation, the causes of inflation, and environmental protection. In a 1974 Gallup Poll, only 12 percent of the public felt that the United States was spending too little on national defense. By 1980, 49 percent endorsed greater defense spending. In 1970, only 15 percent of Americans said that they were "worse off as a result of government control and regulation" of large corporations—but 40 percent said they were worse off in 1981. Support for American military intervention if the Soviet Union attacked our "major European allies" jumped from 48 percent in 1974 to 74 percent in 1980. In a series of Roper surveys, the number who blamed inflation on "too much government spending on domestic programs" rose from 26 percent in 1973 to 43 percent in 1981.

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[3]One book that did try to examine some of these data is Thomas Ferguson and Joel Rogers's *Right Turn* (New York: Hill and Wang, 1986). But a number of significant problems limit the usefulness of this work. First, since the authors' concern is primarily to show that policy changes and public opinion moved in divergent directions during the Reagan presidency, most of the data they cite come from the years *after* 1980. Given their own interests, this is a perfectly appropriate procedure. Moreover, I concur with their verdict on these years. But their work is of substantially less utility in establishing the changes *prior* to 1980—though this is the purpose for which it is often cited.

Second, Ferguson and Rogers do find conservative shifts in a number of areas, including crime, taxes, and defense spending. In several of these cases, they attempt to argue that these exceptions somehow should not be counted against their thesis, but I find none of their arguments especially plausible. Third, in a number of instances, I think they have selectively chosen data to reinforce their own argument, while ignoring data that would prove the opposite. On the issue of regulation, for example, they include questions showing declining confidence in business, but not the many questions that show increasing dissatisfaction with governmental regulation. They fail to examine the huge changes in public opinion about communism, the Soviet Union, and military intervention that occurred in the late 1970s. They also demonstrate a consistent, and highly questionable, preference for data from the Harris Poll, whose surveys are often tilted in a liberal direction. Finally, much of the data they cite only shows that public opinion is not conservative in an absolute sense, which is a very different question from whether and how such attitudes have *changed*.

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Table III. Changes in American Public Opinion Between 1974 and 1980

Issues on which public opinion became more liberal	Issues on which public opinion exhibited little or no change	Issues on which public opinion became more conservative
Racial equality	Gun registration	Crime and punishment
Nuclear energy	Homosexuality	Gun ownership
Premarital sex	Divorce	Military spending
Role and status of women	Abortion	Military intervention
Conceptions of the family	Foreign aid	Taxes
Legalizing marijuana	United Nations	Federalism
	Religious beliefs and practices	Equal Rights Amendment
	Laws regulating sexual behavior	Relations with the Soviet Union
	Wage-price controls	Central Intelligence Agency
	National health insurance	Size and power of government
	Balanced budget amendment	Government assistance for the poor
	Business	Job creation
		Labor unions
		Regulation
		Environmental protection
		Domestic spending
		Causes and cures for inflation

1981-1988: Liberal resurgence

To examine the survey record of the late 1970s is to gain a renewed sense of appreciation for the political "antennae" of elected officials. Whatever the source of their judgments—election results, press reports, or conversations with voters—politicians appear to have developed a very accurate portrait of the popular mood (much more accurate than most academic observers), and of the way it changed between the early 1970s and the end of the decade. And it is for precisely this reason that the trends in public opinion between 1981 and 1988 come as such a surprise. For little in the political rhetoric or journalistic commentary of recent years

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Table IV. Changes in American Public Opinion Between 1981 and 1988

Issues on which public opinion became more liberal	Issues on which public opinion exhibited little or no change	Issues on which public opinion became more conservative
Racial equality	Gun control	Crime and punishment
Busing	Sexual mores	Legalizing marijuana
Military spending	School prayer	Divorce
Taxes	Business	Abortion
Size and power of government	Central Intelligence Agency	Economic rights and privileges
Nuclear energy	Federalism	Business profits
Domestic spending	Foreign aid	
Discrimination against gays	Religious beliefs and practices	
Relations with the Soviet Union	Government assistance for the poor	
Relations with Communist China	Balanced budget amendment	
Role and status of women	Laws governing sexual behavior	
Conceptions of the family	United Nations	
Environmental protection	Military intervention	

reflects the extent to which this has been a time of generally liberal changes in mass attitudes.

Across a vast range of issues—including military spending and relations with the (now former) Soviet Union, taxes, domestic spending, and environmental protection—liberals have made up much of the ground they lost in the late 1970s. Where a majority of Americans wanted to increase defense spending in 1980, by late 1982 only about 15 percent expressed such a preference. In 1980, 49 percent of the public said that "the government in Washington is getting too powerful for the good of the country and the individual person." In 1988, only 33 percent felt this way. The belief that federal income taxes were too high declined from 68 percent in 1980 to 55 percent in 1988; while support for spending on the environment, health care, education, and even welfare all increased. In late 1980, Americans supported "strip-mining for coal, even if it means damaging the environment" by a 44 percent

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to 41 percent margin. By 1986, only 20 percent supported strip-mining while 68 percent opposed it.

How can we account for such changes—and for the widespread failure of politicians and journalists to take greater notice of them? In some cases, one can only say that much of the political mythology of the last decade has been exaggerated or mistaken. Take the case of civil rights. Although civil-rights leaders have often claimed that one effect of the Reagan presidency was to relegitimize once-discredited forms of racial prejudice and discrimination, the survey record provides no evidence that this actually occurred. In a few cases, in fact, the Reagan years witnessed advances for the civil-rights cause. For example, almost every year since 1972, NORC has been asking its samples whether they favored or opposed "the busing of black and white school children from one district to another." Between 1972 and 1982, support for busing did not change—but it rose by 13 percentage points between 1982 and 1988.

Determinate questions vs. comparative questions

In many cases, however, these changes are probably best interpreted as a kind of backhanded measure of Ronald Reagan's success. In order to understand this point, it is worth drawing a distinction between two different types of survey questions, and how each of them measures ideological change.

Consider, on the one hand, these three survey questions:

1) Are you in favor of the death penalty for persons convicted of murder?
2) Should it be possible for a pregnant woman to obtain a legal abortion if she became pregnant as a result of rape?
3) Do you favor or oppose the Equal Rights Amendment?

Now compare them to these three questions:

1) Do you think we are spending too little, too much, or about the right amount for national defense and military purposes?
2) Do you think there is a need for more government regulation of business, is the present amount of government regulation about right, or do you think there should be less government regulation of business?
3) Do you consider the amount of federal income tax which you have to pay as too high, about right, or too low?

The first set of items are examples of what I have called *determinate* policy questions. They ask respondents for their opin-

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ions about specific policy options whose meaning and content remain essentially constant over time. "The death penalty" means the same thing today that it did in the 1930s or the 1950s. The wording of the ERA was the same in 1975 as it was in 1982. The second set of questions, by contrast, are what might be called *comparative* policy questions. Respondents are asked how they would like to change a particular policy as compared to the status quo. Hence, the state of current policy becomes, implicitly or explicitly, an important—and constantly changing—factor in how the public interprets such questions.

Both types of questions do measure real changes in public opinion, but the changes in comparative questions have a more ambiguous meaning, as the defense-spending question quoted above illustrates. Although the Gallup Poll has used this same question wording for the last two decades, in a sense the meaning of those words is constantly changing—because the size of the defense budget is constantly changing. Thus, when the percentage who favor increased defense spending declines, as it did in the 1980s, two interpretations are possible:

1) Americans have decided that the defense build-up that they so urgently wanted in 1980 was a bad idea, after all. Having seen the results of that build-up—its apparent lack of effect in many situations, the horror stories about $700 screwdrivers—Americans have become decisively less militaristic.

2) Public opinion about the ideal level of defense spending has really stayed pretty constant over the last decade. Most Americans have always wanted a level of defense spending that was greater than this country had in 1978—but not as high as many conservatives were proposing in 1984 or 1988. What changed, in other words, was not public attitudes, but the reality that the public was being asked to evaluate. Most Americans approved of the first several Reagan budgets and the large defense-spending increases they contained. But by about 1982, they had parted company with Reagan. He wanted further increases, whereas they felt that the current defense budget was fine, or even too large.

Reagan's limited mandate

It is this second interpretation, I think, that most accurately describes many of the issues listed in the liberal column of Table IV. Ronald Reagan, I have argued, did receive something of a mandate

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in the 1980 election—but it was a fairly limited mandate. Particularly in the area of economic policy, the public was not asking for a wholesale dismantling of federal welfare and regulatory programs, but for a series of rather modest adjustments: a little less domestic spending (or perhaps a slower rate of growth); a slight relaxation of environmental regulations in order to produce more energy; a little more reliance on individual initiative in dealing with the problems of poverty. And by about 1982 or 1983, substantial parts of the American public seem to have concluded that they had already received most of what they wanted. And who can blame them for drawing this conclusion? The Reagan legislative program of 1981 had, indeed, increased defense spending, reduced the income tax, and imposed at least some cuts in many social programs.

At this point, the public might have reacted with unrestrained joy and gratitude towards Reagan—and in a sense voters did, by overwhelmingly re-electing him. But most survey questions on policy issues are not concerned with "What have you done for me lately?" but with "What should you do for me tomorrow?" And on this score, the survey evidence suggests that voters increasingly came to the conclusion that Ronald Reagan was headed in the wrong direction, particularly in the areas of defense and domestic spending. For whatever their other limitations, comparative survey questions capture one element of the American political system quite accurately. The advocates of zero-based budgeting notwithstanding, the entire federal budget is not debated and constructed anew each year. The starting point is the current budget, and the options discussed are incremental changes: a little more here, a little less there. As elected officials sat down to consider what those marginal changes might look like, they faced a markedly conservative climate of opinion in 1980, but a considerably more liberal one by 1988.

Starting in about 1982, then, and building throughout the rest of the 1980s, one begins to see the emergence of a new public mood that might best be summarized as follows: We like Ronald Reagan personally and we approve of most of the policy initiatives he has taken in the past. But we're not sure that we want to *continue* heading in the same direction. We think too much money has been devoted to defense and we're increasingly worried about a growing accumulation of unmet domestic needs in such areas as education, health care, and the environment. We don't like taxes or big gov-

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ernment but we're not as concerned or threatened about such matters as we were when Reagan took office.

Some of the best appeals to this mood can be found, ironically, in the 1988 campaign speeches of George Bush. On social and cultural issues, like crime and the Pledge of Allegiance, the Bush strategy plainly rested on an attempt to defend conservative orthodoxy, while painting his opponent as an unrepentant liberal. But on economic issues, the Bush campaign clearly seems to have understood that its candidate could not win simply by promising four more years of Reaganite policies. With the major exception of his pledge not to raise taxes, Bush's speeches were an artful attempt to retain his conservative base while nonetheless distancing himself from substantial parts of the Reagan legacy. He would seek a kinder, gentler nation; make education a top priority; and resurrect the fallen banner of environmentalism. Above all, the Bush presidency would be more than just a holding pattern. As Bush often declared in his campaign speeches, "We are the change."

Prospects for liberalism

These most recent changes in public opinion, and the new mood they embody, obviously have important implications for the 1992 election. At a minimum, they indicate that new Democratic initiatives in such areas as education, day care, and health care will receive a considerably more sympathetic reception than they would have twelve years earlier. On almost every major policy issue that is relevant to such proposals, recent trends have clearly been in a liberal direction. Not only is public opinion today more supportive of domestic spending, it is also less responsive to such traditional conservative themes as taxes and big government. Of course, the popular "mandate" for such programs is probably just as limited as Reagan's mandate in 1980. Nothing in the survey data suggests that the public is looking for a massive new expansion of federal domestic programs to rival that of the New Deal or the Great Society. If a Democratic president does get elected in 1992, it is probable that within a few years the public will conclude that he, too, has exceeded his instructions, and public opinion might then start to shift back in the opposite direction. But that problem (if it ever should come to pass) is years in the future. For the present, public attitudes on an important range of economic policy issues have moved a long way from their position in the late 1970s.

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The changes summarized in Table IV are not, of course, George Bush's doing. They occurred prior to his own ascension to the presidency. Conceding that, there seems little doubt that Bush has greatly complicated the conservative predicament and considerably magnified the Democratic advantage. True, a president's capacity to mold and shape public opinion is distinctly limited. The dominant trend of public opinion changes during the Nixon, Carter, and Reagan administrations were all in the *opposite* direction to what each president would presumably have preferred. But given any particular constellation of public attitudes, presidents have substantially greater freedom in deciding how to respond to and channel such demands. It was Ronald Reagan's intuitive understanding of this point that helps explain why liberalism was so timid and dormant up through the end of his administration. If Reagan was unable to effect a fundamental restructuring of American economic thinking, he did show the importance of a president's ability to dominate the public debate: to elevate some issues and proposals (and not others) to the center of the national agenda, and to help determine the context in which issues are framed and understood.

It is precisely this power that George Bush has largely abdicated, particularly in the realm of economic policy, over the last three years. By endorsing a tax increase after repeated promises to the contrary, for example, Bush has substantially neutralized the Republicans' strongest counter-argument to new Democratic initiatives. Consider, too, the issue of education. Between 1978 and 1988, the number of Americans who wanted to spend more money for "improving the nation's education system" rose from 48 percent to 64 percent. If Bush has decided, for fiscal reasons, not to comply with this request, he might at least have responded with a significant educational program of his own and then pushed hard for its adoption. Such a course of action might have redirected the debate away from how much should be spent to what the money should be spent on. To those most concerned about the issue, it would have sent the message that the president understood the urgency of the problem, and differed only as to the best means for solving it.

In fact, however, Bush's approach to the education issue has oscillated between timidity and boredom. After delaying for several years, he finally delegated the task of policy formation to his secretary of education—and then showed no inclination to push very hard for the package that emerged. Politics, like nature, abhors a

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vacuum; Bush's lack of leadership on education has helped give the impression (undeserved in my opinion) that conservatives have very little to say about the issue.

In the end, the combination of incumbency, lower interest rates, Bush's record in foreign policy, and public conservatism on social issues may still give the President a substantial re-election victory. In the meantime, however, it is hard to ignore the signs that the long-dormant forces of American liberalism are finally beginning to stir from their slumbers—or to avoid the conclusion that George Bush has played an important role in this reawakening.

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What Thatcher wrought

IRWIN M. STELZER

We have given back control to people over their own lives and over their livelihood.

—Margaret Thatcher, final speech as prime minister

FEW POLITICIANS have an impact so great as to lend their name to an "ism." Margaret Thatcher is one such. Winner of three general elections and the prime minister with the longest record of continuous service in this century—only Lord Liverpool, in office from 1812 to 1827, outdid her—she deserves her "ism."

To understand Thatcherism, it is necessary to recall the circumstances in which Margaret Thatcher came to power. That is not easy, for it is one of the indicators of the truly fundamental character of the changes she wrought that many of us have great diffi-

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Presented in the Bradley Lecture Series, American Enterprise Institute, Washington, D.C., January 14, 1992.

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culty remembering what life was like before she and her small band of radical thinkers appeared on the scene.

Britain emerged from World War II in a position somewhere between penury and bankruptcy. Britain also emerged with a driving desire by its victorious soldiers for "the home fit for heroes" that Lloyd George had promised but failed to deliver after World War I. There was an overwhelming consensus in favor of the establishment of a welfare state, along the lines of the Beveridge Report, with state-provided health care, housing, and other services; state ownership of major industries—what Nye Bevan called control of "the commanding heights" of the economy; a more egalitarian society, one in which the disparities between starvation-stunted workers and gout-ridden manor owners would be narrowed, primarily by placing enormous new power in the hands of the trade unions; and what one leading economist and policymaker, Lord Robbins, subsequently described as "a deep-rooted determination" that "the mass unemployment of the inter-war period was a thing of the past." That scourge was to be avoided by the demand-management tools so persuasively described by Keynes in *The General Theory of Employment, Interest and Money* in 1936.

Despite the election of Conservative governments in 1951, 1955, and 1959, and what the hard left and the old-fashioned right called "this 'Americanization' of British life" by television, washing machines, "cheap synthetic fibres and plastic products of every sort"—a forerunner of anti-Thatcher opposition to a mass, consumer-driven, rather than an elitist, producer-led society—the broad consensus I have just described remained largely undisturbed. The state was seen as the main provider of essential services, and "essential" was very broadly construed. Full employment remained the goal of macroeconomic policy, and that policy can best be described as Keynes-as-understood-by-latter-day-Keynesians. Trade-union power was never seriously challenged, least of all by Churchill who, when he returned to power in 1951, ordered Sir Walter Monckton, his Minister of Labour, to adopt what one commentator called a "policy of steering clear of trouble with the trade unions, regardless of cost."

Nor was there a serious challenge to the slightly later assumption of Britain's governing classes that the nation was in decline, that that decline was inevitable—something to be coped with, but accepted, like Britain's miserable climate—and that it might even

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be a desirable condition. This acquiescence in decline was a new phenomenon. It seems to have occurred in the late 1960s or early 1970s, perhaps resulting from the nation's straitened economic circumstances following the Second World War—this, despite the fact that living standards in post-World War II Britain were better than they had ever been. Whatever the reason for its popularity, the pessimism of the latter 1960s and 1970s—rooted more in the country's relative decline vis-a-vis the other nations of Western Europe than in any absolute collapse—contrasted sharply with earlier British attitudes, ranging from Lord Palmerston's mid-nineteenth-century view that "We stand at the head of moral, social and political civilization," and Queen Victoria's more succinct "We are capable of doing anything"; through Winston Churchill's prediction that, with peace, mankind—including the British people—"could have ... the swiftest expansion of material well-being that has ever been within their reach, or even within their dreams."

Inevitable decline

Although the middle class, whose living standards improved in the 1960s, gave it no thought, the ruling class blandly accepted the inevitability of Britain's decline. Jim Callaghan, a Labour Foreign Secretary and Margaret Thatcher's immediate predecessor in 10 Downing Street, is reported by Barbara Castle to have acknowledged his country's slide and jokingly but resignedly said, "When I am shaving in the morning I say to myself that if I were a young man I would emigrate." Sir William Armstrong, then head of the Civil Service, declared that his job and that of his mandarin colleagues was "the orderly management of decline." By this he meant sharing the shrinking pie—a domestic parallel to Britain's shrinking international role—in a manner sufficiently equitable to avoid social upheaval, allowing the cuffs of the nobility to fray in pace with the decline in living standards of the working class so as to discourage an open challenge to the ruling elite. This was part of the grandees' notion of One Nation, everyone sharing peacetime adversity with the same stiff upper lip that had seen Britain through two wars. Note—and this is of some importance—this concept was in no way similar to Prime Minister John Major's latter-day pursuit of a "classless society," best thought of as an effort to "level-up" by removing barriers to upward mobility. It was,

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instead, an extension of feudal paternalism, best expressed by Harold Macmillan (later Lord Stockton) when he warned newly elected Prime Minister Ted Heath not to treat the trade unions harshly. As reported by one attendee, a dinner party given by Heath for Macmillan at Chequers was capped by the latter's speech:

> The words of the speech flickered like the lights from the flames of the fire around our splendid young leader's prematurely silvered head. We must remember, said the sage, that the men from Stockton and the Yorkshire coalfields had fought and died with him at Ypres and Passchendaele and he had seen their sons march past their Sovereign in triumph in the great parade after victory in North Africa. Here the orator flicked away what appeared by the gesture to be the ghost of an inconvenient tear. Happily only temporarily overcome, he went on gravely to reflect that we had at last become as a nation truly one people. No one and indeed no organization of our people must be crushed. Caution, he counselled, staring into the fire, caution and, above all, restraint.

The view that Britain had entered a period of inevitable and persistent decline was not, of course, peculiar to Britain's ruling classes. The Club of Rome was trumpeting its Malthusian nonsense about the inability of planet earth to feed its growing population, much less fuel its cars and industries; and Jimmy Carter was reveling in the notions that less is more, and that it is so unthinkable to deploy massive power that such power is, in effect, powerlessness. But there were two reasons that the British acceptance of the inevitability of decline became more deeply entrenched in that country than the Club of Rome thesis became entrenched in the world or than Carterism became entrenched in America, where it failed to withstand the assault of Ronald Reagan's sunnier morning in America. First, decline was not seen as an unmitigated evil; second, the idea of Britain in decline suited many players.

The idea developed that decline was an unfortunate but inevitable by-product of all that is good about the British way of life. Thrusting Americans might gulp sandwiches at their desks, but Brits of all stations enjoyed leisurely lunches and extended tea breaks. Grim Germans might accept any new, productivity-improving machine or technique that would make their goods competitive on world markets, but cleverer British workers valued the familiarity of the old, both because it imposed no visible threat to their jobs

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and because it was more satisfying to produce one Rolls Royce—see the real wood gleam!—than thousands of Volkswagens.

In short, those who felt Britain's economic decline was inevitable also persuaded themselves that it was desirable—or at least more desirable than the alternative: hard work, modernization, higher productivity. What Churchill in another connection described as "gradual steady impoverishment" seemed somehow more comforting, more predictable, less upsetting than a lurch into the competitive arena of late-twentieth-century international competitive capitalism. "Arthur Balfour," wrote Churchill, "did not mingle in the hurly-burly. He glided upon its surface." So, too, pre-Thatcher Britain, which suffered in far greater measure than is now the case from what Dominic Lawson, the editor of the *Spectator*, describes as "the English attitude, which is so often to regard work as a public humiliation and to reserve any enthusiasm for unproductive private and solitary hobbies such as fly-fishing and pigeon-fancying."

No one who has visited Britain can easily dismiss the view, still held by some, that graceful living, even in straitened circumstances, may be better than a hectic existence. Many Americans saw Britain as a delightful museum, guarded by Beefeaters, its Oxford lawns tended by courteous, forelock-tugging gardeners; they shared the pre-Thatcher view that economic progress would threaten that impossible-to-define virtue, "the quality of life." Anthony Lewis, the *New York Times* columnist, reluctantly ended his assignment in the leftish salons of London with this thought: "There is a larger reality than the pound and inflation and the GNP. It is life, and the British are good at that." It is a view with very powerful appeal, even to those who recognize its cost.

It is also a view that is wrong—once one's focus moves from the class that is sinking from a condition of enormous wealth into one of mere genteel comfort. It is one thing to close off a disused wing of a manor house because it is too expensive to heat it; it is quite another to run out of money for fuel to warm one's small cottage or flat. Those who contrasted the quality of life in pre-Thatcher Britain with the presumably inferior quality of life in hectic America generally did so from sitting rooms or parlors in Islington or Holland Park—rooms with crackling fireplaces and lined with books. Unfortunately, Geoffrey Barraclough's *Turning Points in World History* was not among those volumes. Had it been, those

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who saw material progress as the antithesis of the good life might have stumbled across this passage:

> It is true, of course, that some of those who were relatively well off in the past, the comfortable middle classes, have bemoaned the consequences of industrialization. They regret what they call its levelling effects, the uniformity and standardization it introduces. It is not difficult for me to understand that because in a sense I am one of them, and when I look back to the 1920s and even dimly to my childhood before 1914, it is impossible sometimes not to be a little nostalgic. But nostalgia is a bad guide, and one has to recognize that what may have been the 'good old times' for one section of society were the 'bad old times' for another. For the ordinary person, for the person without inherited means, the world is an infinitely better place to live in at the present than it was in 1913....

As Ted Heath tried to warn his countrymen in 1973: "The alternative to expansion is not ... an England of quiet market towns linked only by trains puffing slowly and peacefully through green meadows. The alternative is slums, dangerous roads, old factories, cramped schools, stunted lives."

The church, the unions, and the "chattering classes"

The notion that decline was an inevitable, and even a desirable alternative to economic growth, became embedded in British thought and policy for still another reason—it suited the major players.

- The established Church, of course, had always been anti-materialistic, in word if not in deed. To it, economic decline would deflect energies and aspirations towards a fuller spiritual life: a worker with no money to spend on Sunday just might end up in church.
- The union leaders and their political arm, the Labour Party, could hold their members in line more easily by persuading them that opportunities for advancement from the working class were few, that the road to an improved standard of living lay only in solidarity and a continuous fight for a larger share of a static or shrinking pie.
- The "ruling class"—a term I use here very loosely to refer to those who held or were destined for ministerial posts, their advisors and their top civil servants—saw decline as a thrilling challenge to their stewardship, to their ability so to manage the affairs of state

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that Britain would remain One Nation, class-ridden but free of class warfare.

• The "chattering classes," a group that included most state-supported academics and state-subsidized members of the "arts community" (including almost everyone at the BBC) had long equated material progress with philistinism, especially if the progress brought to the fore groups that might prefer the stock-market pages to the arts pages, a night at the fights to a night at the concert hall. Hence their derisive references to Thatcherites' love of "loadsamoney," a word originated on television and now established in Britain's political vocabulary. To this group of "designer socialists," economic decline—so long as it did not threaten their stipends—accentuated the ephemeral nature of the material and the enduring nature of the intellectual aspects of life.

This made for a powerful coalition in opposition to anything or anyone who might seek to arrest Britain's decline. For to do so, to attempt a basic restructuring of the nation's economic institutions, would involve sacrificing what was best in British life, and would cause social strife. Or so the argument went.

Mancur Olson has argued that societies decline when vested interests become strong enough to impede change and thereby sap the ability of a nation to respond to competitive economic challenges. He may be right. But whatever the reason for Britain's decline, there was little effective coherent opposition to it until Mrs. Thatcher came to power.

True, her immediate predecessor as leader of the Conservative Party, Ted Heath, had set out "to break the mould of British politics"—to use a phrase coined later by the founders of the now-defunct Social Democratic Party—by curbing the trade unions, freeing markets, and relying on monetarist policies to cure Britain's economic ills—a program agreed to at the famous January 1970 meeting of his shadow cabinet at the Selsdon Park Hotel in the London suburb of Sanderstead. According to Ian Gow (recently assassinated by the I.R.A.), the 1970 party manifesto incorporating the Selsdon platform "was in many ways indistinguishable" from the 1979 platform on which Mrs. Thatcher ran. Needless to say, as the first crack in the consensual acceptance of the inevitability of decline, Selsdon rocked the establishment. Peter Rawlinson, Heath's attorney general, reports, "There was born into the world a creature whom the liberal establishment at

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once christened 'Selsdon Man', a low-browed hirsute creature, much mocked by their scribes for wanting to bash the unions and protect old ladies being mugged and even to lower taxes."

But Britain wasn't quite ready for the radical changes Heath favored—his first budget included cuts in taxes and in government expenditures—and Heath wasn't quite ready to face down trade-union opposition. Dock strikes and miners' strikes rattled the country. Working days lost due to strikes rose from an average of 3.5 million in the 1960s to 10.9 million in 1970, 13.6 million in 1971 and 23.9 million in 1972. In his book, *Thatcher's People*, Peter Ranelagh recalls that William Armstrong, the head of the Civil Service, was

> convinced that the country was on the brink of disintegration into frantic strikes and wage-push inflation. The Palace made known its fear of greater social division.... It was the common wisdom of the period that the social fabric of the United Kingdom would be torn apart if unemployment much exceeded one million (which it was approaching in 1971).

Add to that the collapse of Rolls Royce and Nixon's abandonment of convertibility along with his introduction of wage-and-price controls, and the pressure on Heath to change course became unbearable.

There followed the famous "Heath U-turn"—reinstitution of full employment as the overriding goal of economic policy; an expansion of the social services; more spending on education (at the insistence of the Secretary of State for Education and Science, one Margaret Thatcher); a trebling of the money supply; and—to bottle up the inevitable inflation—a statutory income policy. What was good enough for Republican Richard Nixon proved good enough for Conservative Ted Heath.

By 1974, when Heath surrendered No. 10 Downing Street to his predecessor and successor, Harold Wilson, inflation was running at an annual rate of almost 15 percent, Britain was recording a huge balance-of-payments deficit and public spending had risen to over 40 percent of Gross Domestic Product from about 38 percent under the previous Labour Government. That rise continued—to upwards of 43 percent—under Heath's successors. So severe did Britain's ills become that by 1976 the International Monetary Fund had to be called in to sort things out. But the disciplines associated with IMF policies were not acceptable to the trade unions, and Britain

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was once again treated to a spate of strikes. In the winter of 1978-1979 bodies went unburied, factories were closed, and stoves were unfueled.

The Thatcher era

Enter Margaret Thatcher, by then leader of her Conservative Party. Exit the notion that decline was Britain's unalterable fate. "Decline is not inevitable," Mrs. Thatcher said in her final broadcast before the May 1979 election. "It will not be given to this generation of our countrymen to create a great Empire. But it is given to us to demand an end to decline and to make a stand against what Churchill described as the long dismal drawling tides of drift and surrender, of wrong measurements and feeble impulses."

Exit too, the notion that the state, in conjunction with the trade unions, could manage Britain's economy in a satisfactory way. The deal had been a simple one: the trade unions were granted what amounted to a legal stranglehold over the economy and government subsidies for the non-competitive industries that employed most of their members. In return, they would moderate their wage demands as part of the fight against the inflation that resulted from the low productivity inherent in the unions' control of the shop floors, and from the fiscal and monetary consequences of the subsidy payments.

By the time of the 1978-1979 "winter of discontent," the days of beer and sandwiches at 10 Downing Street were over: the social compact pursuant to which labor and industry grandees and government ministers divided the national pie had come unstuck. Conflict replaced consensus.

Anyone familiar with the British will know the great value they place on civility. My own experience has taught me that the powers-that-be consider it bad form to litigate, to sharpen points of dispute. This is strange in a country that prizes debating skills, loves its competitive sports, and has been afflicted with bloody strikes. But all of these controversies occur within a framework of generally agreed principles: that winning is not as important as hoisting a pint with one's opponent after the match; that parliamentary debates can be vigorous but never personal (in the House of Commons, all remarks are addressed to the Speaker and sprinkled with references to the Honorable Gentleman of the party opposite) or so acrimonious as to belie Churchill's description of

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the House of Commons as "the arena, perhaps fortunately the padded arena, of the inevitable class and social conflict"; and that even the bloodiest strikes mean no disrespect to the monarch. There are, of course, exceptions, but I think it is fair to say that the British put a premium on civility and consensus, on resolution of issues by various commissions of the great and good.

It was this prejudice in favor of consensual papering over of fundamental problems that Margaret Thatcher challenged. She saw consensus as the enemy of progress, not its engine. She was abrasive. She hectored and handbagged allies and opponents. In the end, Mrs. Thatcher's reputation as "Attila the Hen" contributed to her downfall. But there can be little doubt that her personal attitudes, her zest for conflict and her abhorrence of consensus made it impossible for Britain to continue papering over its fundamental problems with a series of short-term deals cut by institutions with a stake in the status quo of continued decline.

Under Mrs. Thatcher, outsiders replaced insiders. The notion of government as the exclusive preserve of Eton and Oxbridge products, educated in the arts or with classical greats, and with acceptable family backgrounds, was shattered—if not immediately, then as soon as Mrs. Thatcher's hold on power was secure. For one thing, Mrs. Thatcher had no use for the social standards that traditionally governed key appointments. Her people, Ranelagh reports, were "absolutely unembarrassed at not belonging to the Opera set or the Athenaeum, and at not having the appropriately turned quotation on the tips of their tongues in the House of Commons. They were not people who aspired to the established social accoutrements of success and status"

This, too, had a profound effect on policymaking. These outsiders, many of them Jews who ended up in her cabinets (Keith Joseph, David Young, Leon Brittan, Malcolm Rifkind, Nigel Lawson, and Michael Howard constituted the largest Jewish contingent ever to achieve cabinet rank), had little stake in the existing institutions that had interlocked to freeze societal patterns and halt economic progress.[1] To them, the trade unions were not

[1]Harold Macmillan reportedly said that Mrs. Thatcher's cabinet had "more Estonians than Etonians." Her close association with Britain's Jewish community apparently stemmed from the fact that 20 percent of her Finchley constituents were Jews, whom she inevitably got to know quite well—and to admire for their belief in "self-help," as *Guardian* reporter and Thatcher-bashing biographer Hugo Young puts it. He goes on, "as a moral code for upward mobility of the kind the MP for

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the spokesmen of the laboring classes, but oligarchies impeding the progress of those they purported to represent. The Church of England was not the rock on which the stability of British Society depended, not "the Tory Party at prayer," but an organization of left-leaning sociologists insensitive to its members' need for material advancement through hard work, rather than hand-outs. The Civil Service was not a band of dedicated servants, elite, brilliant, calm in the face of national disaster, but, in the words of one observer interviewed by Ranelagh, "wet little people who want to fix prices." No wonder Mrs. Thatcher and Ronald Reagan found so much to talk about, so often.

The politics of conviction

With Mrs. Thatcher, conviction replaced pragmatism. All successful politicians have convictions; all are pragmatic. Ronald Reagan, known as a conviction politician, often displayed a pragmatic streak that dismayed his more ideological supporters. So, too, Margaret Thatcher: she could not have survived to wrest the leadership of the Tory Party from Ted Heath in 1975 if she had, like the more committed Nicholas Ridley (then parliamentary undersecretary at the Department of Trade and Industry), resigned from the Government when Heath made his U-turn in 1971-1972. She stayed to fight and win another day.

That said, it remains possible, I think, to identify politicians who are driven primarily by ideas, by goals other than the mere achievement of power. Contrast Ronald Reagan's vision of a resurgent America, prosperous and triumphant over an evil empire, with George Bush's puzzled hunt for "the vision thing." Or Nye Bevan's devotion to the social well-being of the working class with Neil Kinnock's lurching from socialism to "social market" economics, from unilateral disarmament to a grudging willingness to maintain Britain's nuclear capability. Or Margaret Thatcher's refusal to hitch her country to a European train hurtling down the road to a version of socialism with the willingness of the "establishment" members of her party to make almost any compromises necessary to become a member of the new European federation, in good standing at Brussels' finer restaurants.

Finchley never ceased to preach, it [Judaism] embodied many useful precepts..." (*One of Us*. London: Macmillan London Ltd., 1991, p. 423).

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It is not unreasonable to list Margaret Thatcher among the world's conviction politicians. It was her belief in the ideas that she and several close colleagues developed, not mere stubbornness, that led her to announce that "The lady is not for turning." These convictions contributed to the aforementioned abhorrence of consensus: it is difficult to compromise firmly held beliefs. They also contributed to an elevation of the importance of ideas in policy-making, a new development in the Tory Party, until then widely known as "the stupid party," a designation not entirely uncongenial to a party that prided itself on avoiding trendy, radical ideas. Not so Mrs. Thatcher. Those who have seen the speed with which she pounces on an idea, examines it from every direction, makes it part of her intellectual capital, are unsurprised at her rejection of "stupidity" as a virtue, and her preference for think tanks, certain intellectuals, and research papers.

In the end an activist, she needs the comfort of a solid, intellectual, theoretical frame of reference within which to fit specific policy proposals. Milton Friedman, Keith Joseph, and Alan Walters contributed monetarism; Friedrich von Hayek and Arthur Seldon the emphasis on individualism as opposed to state action; Brian Griffiths and Ralph Harris, the basis for relying on market mechanisms; Alfred Sherman and his Centre for Policy Studies the supporting research. This was a formidable intellectual arsenal, to be deployed not only against enemies but against friends who counseled pragmatism. It represented a coherent conviction about how society and the economy should be organized—the first such since socialism established itself in Britain.

As a result, traditional governing techniques were changed. In part because new ideas came to matter; in part because those ideas were in the heads of people outside of the civil service; in part because consensus, even in cabinet, was seen by Mrs. Thatcher as less necessary than in the past; and in part because of the prime minister's doubts about the support for her programs in Whitehall—for all these reasons the way Britain was governed changed in three important ways.

First, she tried to get a firmer grip on the governmental machinery, primarily by snatching from civil-service mandarins most patronage powers. "By the time she fell," the *Economist* reported, "400 or so top jobs were in her personal gift." Since then,

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the permanent secretaries have regained control over all save three dozen sensitive posts.

Second, outside advisors became more prominent, and were used as counterpoises or alternatives to established institutions. The Policy Unit at 10 Downing Street was a source of ideas independent of the civil service, and Sir Alan Walters so powerful an alternative to the Treasury that Nigel Lawson's bruised ego forced him to resign as Chancellor of the Exchequer in unjustifiable pique over Walters's continued access to the prime minister.

Third, the notion of collective cabinet responsibility was gradually eroded. In the British system the prime minister is *primus* (in Thatcher's case, *prima*) *inter pares*: cabinet members, drawn from the ranks of Parliament, have independent political power bases with their own constituencies—except, of course, for those drawn from the House of Lords. This means that, if fired or forced to resign, they remain in the Parliament, to snipe at the prime minister. Furthermore, cabinet members preside over large departments, with staffs capable of gathering data, producing position papers, and otherwise supporting their ministers. Only the prime minister has no such formal institutional support. It was that gap that Thatcher sought to fill with her outside advisors and the use of sympathetic think tanks.

As she strengthened her hand, she came to rely less and less on the collective judgment of the cabinet, and more and more on her own judgment, based on the advice of Alan Walters, Brian Griffiths, Arthur Seldon, Ralph Harris, and other extra-cabinet sources. In short, she became more presidential and less ministerial, more an executive issuing orders, less a co-equal colleague.

It was individual responsibility, rather than reliance on government, that now became the accepted standard against which to measure policy initiatives. "What we need now," Mrs. Thatcher had said more than a decade before becoming prime minister, "is a far greater degree of personal responsibility and decision, far more independence from the government and a comparative reduction in the role of government." It is difficult today, after large chunks of the British economy have been transferred from the public to the private sector, after private health insurance and for-profit hospitals have become common, after the word "individual" ceased being synonymous with "anti-social" in at least some circles, to capture the truly radical nature of Thatcher's emphasis on individ-

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ual responsibility and achievement. She was, after all, preaching that sermon in a comprehensive welfare state, one in which the government had proudly accepted swaddling-clothes-to-shroud responsibility for its subjects, and one in which subordination of self to group (trade union, college, team) was one of the most laudable social attitudes.

An end to anti-Americanism

Similarly, America-bashing was replaced by admiration in official circles. It is difficult, of course, to generalize about British attitudes toward America. But it is not unfair to say that in post-Churchill, pre-Thatcher Britain, anti-American attitudes dominated in the "chattering classes" and in government. I am not here referring to policy differences. I am referring instead to the British view of Americans as more-than-slightly vulgar, too loud and too rich, cowboys likely to plunge the world into war, unversed in the arts, unable to distinguish a middling hock from a fine burgundy, and foolish enough to ban fine Cuban cigars from their shores simply out of pique with a "so-called" communist government. If this attitude did not have serious policy implications it would be merely amusing, the snobbish envy of a declining power. But the anti-Americanism so fashionable in pre-Thatcher Britain was not without consequence. American presidents were derided—Carter as a peanut farmer, Reagan as an actor, and not even a Shakespearean one. Only Jack Kennedy, who not only read but actually may have written books, and who had the good taste to marry a woman who spoke French, was marginally acceptable. But only marginally. In what then-Prime Minister Harold Macmillan thought of as a compliment to President Kennedy and his nation, he described the British-American relationship in the following terms. "We shall be Greece to America's Rome."

Mrs. Thatcher's admiration for things American—individualism, drive, emphasis on economic progress—changed all of that. "In the 1950s," Peter Ranelagh notes, "British elites were anti-American; in the 1990s they are pro-American. The business classes, the military, young people in Britain in the 1990s are all pro-American." The "chattering classes," of course, are not. When my wife and I urged the Royal Shakespeare Company to supplement its (decidedly languid) fund-raising efforts at home with appeals to Americans, there was an embarrassed shuffling of feet:

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the actors and directors, we were told, don't want to become dependent on Americans, as they might try to dictate schedules and casting—more performances of a fluffy *Comedy of Errors*, fewer of the history plays, I suppose.

More seriously, it was Thatcher's assault on the fashionable anti-Americanism of Britain's mandarins and Tory politicians that permitted her to develop the now-famous Maggie-and-Ron working relationship, one that bore so much fruit at G-7 meetings and in relations between the Free World and the then-Soviet Union. Had the British prime minister not, from the beginning, made America-bashing unacceptable, she would not have survived cooperating with America in its disciplinary raid on Libya, with all its benefits. Had she not developed a close and truly special relationship with the American President, both would have been denied the trans-Atlantic intellectual reinforcement that made it easier to persuade their constituencies of the virtues of a reduced role for government (via privatization in the case of Britain, and deregulation in the case of America), of cuts in marginal tax rates, and of bringing the Soviet Union to its knees by building up Western military power. And both would have found it more difficult to replace their nations' feeling of malaise with Victorian optimism in her case, and old-fashioned American can-do optimism in his. Fortunately, after only a brief hiatus during which the Bush Administration sought to scuttle the "special relationship" in favor of closer ties with Germany, Mrs. Thatcher won the respect of Reagan's successor with her sage and tough advice that he use force to reverse Saddam Hussein's takeover of Kuwait.

Enterprise

An enterprise culture was encouraged. An extension of the belief in the central role of the individual as a wealth-creator and of Thatcherite admiration for America was the establishment (reestablishment, to Thatcher's people) of an enterprise culture. This was basic to Mrs. Thatcher's drive to replace genteel decline with lusty economic growth. Marginal income tax rates were cut from 83 percent to, finally, 40 percent, the 15 percent surcharge on investment income eliminated, and many lower-income people dropped from the tax rolls entirely. Controls on pay and prices, and on foreign exchange, were removed. And, here displaying an impatience with market mechanisms that seems to infect even the

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most market-oriented politicians, Mrs. Thatcher introduced a variety of schemes to subsidize fledgling entrepreneurs. The results were dramatic—500 new firms established every week, an increase of 1.5 million in the number of self-employed people during the 1980s, to 3.4 million, more than six times the increase in the previous thirty years. This total, subsequently diminished somewhat in the current recession, was equivalent to more than 12 percent of the employed labor force.

Not all of this increase in entrepreneurial activity can be credited to the liberating effects of Thatcherite policies. Britain's economy was changing in response to other forces as well. The decline of smokestack industries such as steel and shipbuilding, and the rise of information services, would in any event have resulted in a shrinkage of large organizations and a growth of small, brain-intensive rather than capital-intensive enterprises. But there can be little doubt that the pre-Thatcher consensus was that jobs should be maintained at all costs in the dying industries that employed most trade-union members. This meant subsidies, creation of artificial markets (e.g. forcing electricity generators to use high-priced British coal, rather than cheaper imported coal), and a stifling of innovation. That consensus was profoundly anti-entrepreneurial: a small start-up firm, if it could surmount the mountain of red tape confronting it, risked being unable to fire any new employee who proved to be incompetent or redundant, and, if it prospered, would see a huge portion of its profits taxed away to support steel mills, coal mines, auto factories, and other clapped-out enterprises.

I will not attempt here to wade through the various opinion polls that have sought to determine whether the majority of Britons have, indeed, become enthusiasts for an enterprise culture—for three reasons. First, the data on new business formation seem to me more or less conclusive: entrepreneurs emerged in Britain in record numbers. Second, it doesn't require majority support for an enterprise culture to come into being: 26 percent of men surveyed recently listed "run your own business" as their highest aspiration—quite enough aspiring entrepreneurs to fuel an enterprise economy, given the freedom and incentive to do so. Finally, I have the evidence of my eyes. One only has to have the curtain-maker appear on Sunday to do an installation "because I'm working for myself," or experience the high level of service available from a start-up stereo firm to see the nexus between incentive and result.

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These intangible changes in the way pre-Thatcher Britain approached life in general and policymaking in particular had tangible consequences—the end of consensus-seeking; the increased acceptance of Jews and other outsiders into the inner councils of government; the new emphasis on convictions and ideas; the change in governing techniques; the elevation of the individual over the collective; the new pro-American attitude; the emergence of an enterprise culture. These social consequences are not unrelated to some of the economic changes also wrought by Mrs. Thatcher.

Thatcher's economy

The economic consequences of Margaret Thatcher's years in office can be encapsulated in a relatively few statistics:

- Real personal disposable income per capita rose approximately 30 percent during the Thatcher decade.
- The public sector actually shrivelled. Government outlays accounted for 44.7 percent of GDP in 1980 and 40.9 percent in 1989. (During this period government expenditure rose from 33.7 percent of GDP to 36.1 percent in Ronald Reagan's America, and from 45.6 percent to 47.6 percent in the European Community.) Net capital stock held in the public sector fell from 44.1 percent of the nation's total to 30.6 percent, and public sector employment from 29.3 million to 23.1 million.
- Labor productivity in the business sector rose at an annual rate of 2.1 percent between 1979 and 1989, a rate exceeded by only three of the nineteen OECD member countries.
- Inflation was tamed, shrinking from above 15 percent to merely a third of that level—an achievement dissipated in part, but only temporarily, when Thatcher's control over her Chancellor weakened.
- New business formation and self-employment rose, figures I have already cited.
- GDP, after sinking early in the Thatcher administration, grew at an average annual rate of 3.2 percent between 1982 and 1989—when the current recession hit. The comparable figure for the European Economic Community was 2.5 percent.

Unfortunately, conventional measurements such as these fail to capture the social dimension of the economic changes in Britain during Thatcher's reign. So let me add this note: When Mrs.

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Thatcher took office, more Britons belonged to trade unions than held shares in public corporations, 13.3 million trade unionists compared with 3.5 million share-owners in 1979. By 1990, trade-union membership had shrunk to under 10 million, and the number of shareholders had risen to almost 13 million. Or, consider this: in 1979 there were more trade-union members than home-owners in Britain. By 1989, when trade-union membership was down to fewer than 10 million, more than 15 million people in Britain owned their own homes—an increase of 3.8 million since 1979. Some of these new owners, 1.4 million of them, reached this status by purchasing their residences from public-sector housing authorities that were pressed by the Thatcher government to give owner-occupiers an opportunity to buy their homes—the so-called Right-to-Buy scheme. Jack Kemp must be green with envy.

In short, Britain, long famous for the dominant role of its trade unions, now has fewer trade-union members than it has either homeowners or shareholders. Two-thirds of Britons own their own homes (up from 52 percent in 1979), and one in three adult Britons are now share-owners, compared with one in twenty when Mrs. Thatcher took office in 1979. Still more own shares indirectly, through participation in private pension funds. This new pattern of property ownership, combined with a reduction in the relative role of government expenditures, the absolute level of government employment, and a vigorous privatization program, certainly warrants the title "revolution." Britain's is now an economy in which public has given way to private enterprise, and in which the weakening of union control has made many things possible—technological change, productivity gains, foreign investment, and stable employment relationships that permit long-term business planning.

Privatization

The extent to which private has replaced public enterprise has, of course, been one of the most widely trumpeted aspects of the Thatcherization of Britain. The portion of GDP accounted for by nationalized industries fell from 10 percent to 3 percent during her term—and will soon shrink further. Such famous firms as Cable & Wireless, British Aerospace, British Petroleum, Rover, British Airways, and British Telecom are now owned by private shareholders, run by managers rather than ministers, and profiting, or

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not, as do other industrial organizations. They cannot reasonably hope for taxpayer funds in periods of distress, or expect to see their profits siphoned off to finance social-welfare programs in periods of prosperity.

In addition, the necessities of everyday life—gas, water, electricity, telephone service—now come to British consumers from firms that have been through the privatization wringer, shedding redundant staff, and learning (slowly) how to respond to consumer demands. Because the Thatcher government failed to mandate competitive restructuring (where it was feasible) and because some important natural monopoly elements remain in those industries, they are now regulated much like our own utilities.

The British experience with privatization has not been a perfect one. Shares were priced so low that they immediately shot to premiums, transferring huge sums from taxpayers to shareholders; opportunities to introduce competition so as to minimize the need for regulation were not grasped; the regulators were not granted adequate authority to do their jobs. But it would be churlish to deny the essential success of the privatization program in converting sluggish, over-manned enterprises, responsive only to politicians, into leaner companies, struggling to understand what consumers want, and dependent on wooing investors' capital, rather than on capital conscripted from taxpayers. Indeed, so successful has the program been that expertise in privatization has become an important U.K. export to Latin America and Eastern Europe.

The shrinkage of one institution of power—government—has been paralleled by the shrinkage of another—the trade unions. The profound effect of the latter change is difficult to describe, because it has meant much more than a reduction in inflationary pressures, to the extent that "wage-push" so operates. The Thatcher Government's curbing of trade-union power has had consequences far beyond this macroeconomic effect. By restricting secondary picketing and closed shops, Thatcher circumscribed the scope of industrial disputes. By improving the legal status of individual union members, she made it more difficult for union barons to pursue leftist political goals at the expense of their members' economic well-being, and made strikes more difficult. This reduced the unions' ability to oppose innovation in work processes, and increased both the competitiveness of British industry and the nation's attractiveness to foreign investors.

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Thatcher also reduced the unions' power to bring the nation to a halt if their policy demands were not met. By defeating the miners in a long and bloody strike in 1984-1985—a stand most Britons felt was modeled on President Reagan's refusal to cave in to the air-traffic controllers in 1981—Mrs. Thatcher served notice that the Government, not the unions, would set industrial policy.

The media

The Thatcher revolution also had significant effects on the media. Again, the effects were both economic and social—economic, in that they affected living standards, balance sheets, and industry structures; social, in that they affected the character of information and of cultural "signals" reaching Britain's citizens. My own experience in two media industries, as a consultant to News Corporation, demonstrates these facts.

Disgusted by the print unions' refusal to permit him to operate a technically up-to-date plant that had been completed years earlier, Rupert Murdoch decided to move his U.K. newspaper printing operations from two outmoded plants in Fleet Street to his new facility in Wapping, in the East End of London—in defiance of the all-powerful print unions. The importance of the Thatcher policies was clear: "We were encouraged by Mrs. Thatcher's victory in the miners' strike and signs that the authorities were moving against secondary boycotts and were prepared to protect private property from the action of massed pickets," Mr. Murdoch later told a Manhattan Institute audience. So he took a huge financial risk, and he, his editors, and their staffs an enormous physical risk.

It took as many as 300 mounted police and 1,200 patrolmen on foot to control the 11,000 demonstrators—many of whom were professional rioters, bloodied in the earlier miners' strikes—who regularly attempted to block the delivery of News Corporation's weekly output of some 30 million newspapers. On May 3, 1986 the violence reached a peak with 250 injured and 80 arrested. But law prevailed over disorder, the new technology was introduced, operated by 1,500 employees in contrast to the 6,000 paid in the old Fleet Street plants, where there had been enough "no-show" workers on the payroll to do a state legislature proud.

The result was not only to increase Mr. Murdoch's profits. It was to lower entry costs so substantially that a dozen new news-

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papers, with hitherto underrepresented views across the political spectrum, entered the business and increased the diversity of views available to the newspaper-reading public. It also ended the trade unions' practice of censoring all newspapers by refusing to print articles with which they disagreed, or photographs they disliked (such as one unflattering to Arthur Scargill, leader of the miners' union) and it served to open employment opportunities to the women and minorities that the unions had refused to accept as members.

It was Thatcher's willingness to preserve order in the face of union lawlessness, her outlawing of the secondary boycotts that would have made it impossible for News International's products to reach wholesalers and newsagents, and eventually readers, that increased competition and diversity in the print media—a development of profound importance.

So, too, with the electronic media. The British Broadcasting Corporation is one of the sacred cows of the British establishment. For many years this government-established broadcaster, financed by a compulsory annual license fee assessed on each television set, had a complete monopoly over television broadcasting in the United Kingdom. This monopoly became a duopoly when the government-sanctioned Independent Television Authority began selling advertising time on first one, and then two channels—a development resisted by the Labour Party, which opposed any commercial television.

So pre-Thatcher Britain had two broadcasters, one operating under government charter, the other heavily regulated as to revenue source, ownership, and content, both—to borrow Henry Fairlie's description of the BBC—characterized by "behaviour ... that is born, not just of the timidity of a bureaucracy, but of the natural obsequiousness towards authority of any part of the Establishment." BBC and ITV broadcast for part of the day on two public-service channels and two commercial channels a mix of programs that the British establishment thought people should watch, or that producers thought it might be interesting to create. As Andrew Neil, the editor of the *Sunday Times* and the first chief executive of Sky Television put it, public-service broadcasting in Europe "is a small bunch of people who went to the same schools and usually the same universities (in Britain's case, the same university), producing the sort of programs that they want to

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produce regardless of whether the viewers want to see them or not." The preferences of the public were deemed irrelevant, multi-channel American-style television a horror to be avoided at all costs.

I won't dwell on the debate that swirls around the question of the "quality" of British television. Americans familiar only with the decades-old "Brideshead" and "Jewel in the Crown" tend to have a glorified view of that "quality." It is only when they spend a long stretch of time in Britain, exposed to a diet of sheepdog contests, shows about African tribes so obscure that the BBC spent months discovering that they exist (these tribes are beloved of those with glowing memories of the reach and contribution of the Empire), and slightly dotty women discussing the intricacies of their cats' digestive systems that Americans realize just how dull television can be. More seriously, when they see only one, slightly left, Establishment view of the news, and wonder why the United States can't seem to do anything right in the eyes of the BBC commentators, Americans realize the danger of pervasive government control over television.

More subtly, and possibly even more damaging for Britain, are three consequences of government domination of this medium of mass communication. First, like the elite that controlled it, British television focuses on the past—period dramas, the pre-World War I era, and the Great Wars. As Christopher Dunkley, the *Financial Times*' distinguished television critic, put it recently:

> If matters continue for long as they are the British will be producing nothing but beautiful adaptations from period novels. They are, it is true, awfully good at this: if you want actresses who look as though they were born in stays and bustles, and actors who might almost be wearing their own Fair Isle sweaters and driving their own vintage sports cars (come to think of it, they probably are) you need look no further than Britain.

Second, British television programs are obsessed by class. As Rupert Murdoch (himself Australian-born) has remarked, this "is best illustrated by many of the up-market costume soap operas which the British system produces, in which strangulated English accents dominate dramas which are played out in rigid, class-structured settings. They ... freeze Britain as a museum. This is drama run by the costume department."

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Finally, British television programs reflect the establishment's abhorrence of things commercial. As Murdoch put it:

> The obsession with old Britain is combined with constant sneering at the new Britain. The socially mobile are portrayed as uncaring; businessmen as crooks; money-making is to be despised. As a result, in the values it exudes, British television has been an integral part of the British disease, hostile to the sort of culture needed to cure that disease.

Sky Television

This backward-looking, class-obsessed, sneeringly anti-commercial medium was, when Mrs. Thatcher appeared on the scene, about to be threatened by a new technology, direct-to-home broadcasting via satellite, received by small "dishes" and by cable. The British television establishment's first instinct was to contain the threat by granting a satellite broadcasting monopoly to a closely regulated, chosen instrument, a sort of BBC-in-the-sky. That plan foundered on the reef of further technological advances (direct-to-home broadcasts from unregulated, medium-powered satellites became feasible) and on a gamble by Rupert Murdoch that the British public wanted more choice—movies, sports, twenty-four-hour news, American soap operas, rock concerts, wrestling, operas. So he launched Sky Television—to the predictable wails of the establishment.

Stunned by the potential loss of their monopoly over a medium so key to setting the nation's style of thought, the establishment responded by enacting zoning restrictions to deter installation of receiving equipment, placing limitations on the use of American products, and drafting legislation to prohibit newspaper proprietors (guess which one they had in mind) from becoming television broadcasters.

It is difficult to describe the intensity of this battle. No sooner had Sky overcome one obstacle than another was put in its path. One member of the establishment, then editor of a leading Tory broadsheet and unaware that "Dallas" was already a popular BBC offering, told me that if the British working classes saw American soap operas they would know how well workers live here and become discontented and mutinous. He apparently preferred a working class bored into lassitude by British television. A senior civil servant in charge of an investigation of Sky Television's marketing practices—a long-time opponent of both commercial

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and color television—told me that Murdoch had "taken his newspapers too far right" and therefore should be stopped from becoming a television broadcaster. One cabinet minister, the epitome of Etonian rectitude, worried about the sorts of films that would be shown on the film channel; another, the subject of a minor exposé in a Murdoch newspaper, didn't want "tabloid journalism" to spread to television.

Fortunately, Mrs. Thatcher stood firm: she prevented even those of her own ministers who favored the status quo from introducing legislation that would put an end to multi-channel television. She went out of her way to praise the unbiased coverage of Sky News—the twenty-four-hour news channel that, for the first time, gave viewers an alternative to the "official" establishment version of world events. Her officials were directed to help overcome local zoning problems, and to resist efforts of the European Community's Brussels bureaucrats to stifle the competition that was putting an end to government broadcast monopolies.

Again, the important thing is not Sky's profit-and-loss statement. It is that Britons can now see and hear newscasters whose accents were not fabricated in Oxford; watch business news programs presented by people not appalled at the fact that the stock market went up and capitalism survived another day; see American wrestling if they choose to, or an entire cricket match, rather than highlights, or a Madonna concert, or a production of "Carmen" so popularized as to shock critics and win huge audiences. Or they can watch the numerous non-Murdoch channels—free-riders on his enormous investment—now being broadcast from the Astra satellite.

The government monopoly of television is no more. The establishment's control of "taste" and "culture" is diminished. The government as arbiter of who-shall-watch-what has been replaced by a viewer-driven market. Just how important this is can be understood when you realize that BBC personnel have been vetted by the security services; that—to take one instance—establishment pressure forced cancellation of a program about British involvement in the forced repatriation of anti-communist Russians and Yugoslavs after World War II. Thanks to Margaret Thatcher, the risk of such censorship has been much reduced.

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The Big Bang

Perhaps of equal importance was the social effect of another manifestation of the Thatcher revolution—the "Big Bang." The reforms of the brokerage industry pushed through by Mrs. Thatcher's then-Secretary for Trade and Industry, Cecil Parkinson, broke up a tight, price-fixing cartel which had set brokerage rates at which shares might be traded, and had effectively restricted membership on the Stock Exchange to partnerships. This resulted in what has been described in the *Financial Times* as a "cozy old oak-panelled world of stock-broking," one in which entry was difficult for anyone without substantial means or excellent old-school connections. When the Thatcher government agreed to bring to an end a monopoly investigation of the Stock Exchange in return for the elimination of cartelized commissions and restricted entry, large banks and other limited-liability companies were able to join the Exchange. These organizations preferred to hire what one observer called "highly motivated income producers who are willing to come to work at 8:00 a.m." Background became irrelevant; only "the numbers" mattered.

At the same time, two other developments—both consequences of Thatcherite reforms—were at work to break up the old-school gang in the City. When Mrs. Thatcher took office, her advisors at the Treasury informed her that the "state earnings-related pension scheme" instituted by Labour would eventually become so costly as to be unbearable without enormous tax increases. That, plus her own view that provision for one's retirement years should be more of an individual and less of a state responsibility, led to a series of tax reforms that further encouraged the development of the private pension schemes that are now the single largest holder of equities in Britain. The growth of the pension schemes, and, to a lesser extent, of insurance funds, meant that large pools of capital were formed, and had to be invested.

And these pools were managed by people who had to produce results, lest they lose their accounts—and their jobs. So a generation of young, meritocratic money managers, computer-driven, usually grammar-school boys, was spawned. These money managers wanted to trade on the best terms possible—regardless of the background of the broker on the other end of the computer.

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Add to that the fact that a generation of performance-driven industrialists, open to new ideas and unconcerned with the lineage of those who might be able to produce profitable deals, came into being. This generation of entrepreneurs, widely known as "Thatcher's children," also helped to destroy the old-boy network in the City: they looked more to results than to leisurely lunches when selecting investment advisors. They also preferred to deal with people from a similar cultural background—not people who looked down on them.

The interaction of these developments required disciplines in which the old school simply was not trained. And, fortunately for it, the reforms combined with a booming stock market to enable disgruntled and obsolete members of that school to sell out on very satisfactory terms.

The economic consequences of all of this are obvious: brokerage commission rates more in line with the cost of service, an injection of new and creative talents into finance, a probable lowering of the cost of capital, the preservation of London as a competitive player in the global finance business. But the social consequences will probably prove more enduring. East Enders and barrow boys who, in pre-Thatcher years, would have remained on "dealing desks" rather than move up to the partner's room, had an opportunity to show that the bargaining and trading skills acquired outside of the City are applicable to the business of finance. Strange accents, not honed at Oxbridge, are acceptable. And a new class of wealthy, Porsche-driving, Rolex-wearing youngsters came to populate London's trendy bars and smart clubs.

Recent reversals, it is true, have eliminated some of these entrepreneurs and traders. But not all. And not permanently. In any event, the old-boy network has, in large measure, been so severely strained as never again to be able to regain the dominance it once held in the financial life of Britain. "No longer," says the *Economist,* is the stock exchange "a City club for English more-or-less gentlemen."

Social problems

So we have, then, a series of major advances under Thatcher—rising incomes, falling inflation, rising productivity. And some profound changes in the structure of British life—homeownership and share ownership on the rise, with their inevitable softening of

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class distinctions; more diversity in business and social life; freer access to the media by representatives of all political and cultural points of view. But at what cost? Is it possible that the freedoms and economic progress we associate with the Thatcher revolution were purchased at the cost of declining civility, increased poverty, and multiplying social problems? Has the elevation of the individual inevitably produced a decline in the societal values that Britain once prized? Were those who argued that gradual economic decline is a small price to pay for a high "quality of life" perhaps right?

I think not. There can be no denying that a host of social problems, until then not prominent on the British scene, came to the surface during Mrs. Thatcher's extended period in office. Crime increased. So did the incidence of AIDS, although not nearly in the epidemic proportions predicted by AIDS-activists. Illegitimate births rose from about 10 percent to over 20 percent of all live births. Homelessness became an issue, with many younger people choosing or forced to (depending on one's view) "sleep rough." Riots in council-house slums such as Brixton in London brought minority grievances to the fore. And the unwillingness of some immigrant groups to assimilate—their insistence on multicultural education, ethnic foods in schools, and the right to assassinate authors they find offensive—startled British citizens who had previously treated Enoch Powell's warnings about the dangers of unrestricted immigration with scorn. Finally, traffic jams, deteriorating service on the subways and on commuter railroads, rising pollution, and more noticeable public filth raised worries about the condition of the nation's infrastructure and public services. Was a collapse of "the quality of life" the unacceptable face of Thatcherism? Was John Kenneth Galbraith, much revered and often cited by the Labour opposition, right that private opulence was purchased at the price of public squalor?

It is important, first, not to confuse correlation with causation. The fact that many of these problems were coincident with the Thatcher era does not mean they were caused by the prime minister's policies. After all, AIDS and homelessness, to cite just two social ailments, are international phenomena, common to capitalist and socialist societies, to rich countries and to poor. Whatever their cause, they cannot be laid at Margaret Thatcher's door: she cannot be held responsible for the homeless denizens of New York

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City's Grand Central Station or the high incidence of AIDS in Africa and Haiti.

Nor does it seem fair to saddle her with responsibility for the undesirable effects of the multiculturalism that is so fashionable in Western liberal circles, and that has begun to produce predictable but nevertheless ugly responses in Le Pen's France and Duke's Louisiana, and from neo-Nazis in Germany. Indeed, Thatcher can be counted among those who resisted this worldwide trend, and who confronted Muslim bloodthirstiness with a firm (and expensive) commitment by the state to protect the life of Salman Rushdie, a violently anti-Thatcher author who aroused the ire of Iran's lunatic Ayatollahs.

The situation as regards the social services and the country's infrastructure is more complex. Such evidence as is available suggests that the quality of health care is improving, as market-oriented reforms increase the efficiency of the National Health Service and as high-quality private-sector care becomes increasingly available. But transport services seem to be deteriorating, primarily because the government balked at introducing price-based road pricing, hesitated to privatize the rail sector, and failed to tax those who captured the externalities associated with a healthy public-transport sector.

Finally, a word about crime. Crime is clearly on the increase in Britain: both dinner-party talk about the virtues of various security systems and the usual statistics make that clear. Worry about crime now heads the list of ordinary Britons' concerns. About the only good news is that crime is far less violent in Britain than in America, there being fewer guns available and a strong ethic against their use. How the rise in crime can be blamed on Thatcher I do not know. Those who believe in tough law-and-order measures—the flog-'em and hang-'em wing of the Tory Party—certainly can't criticize the Thatcher government: she increased outlays on "law and order" by 53.3 percent, in real terms. And those who ascribe crime to poverty—ignoring the fact that such criminals as football hooligans hold many of Britain's well-paying jobs—will have a hard time blaming a prime minister who produced an enormous increase in material well-being during her terms. Whatever the causes of increased criminality, Thatcherite economic and social policies do not seem to be among them.

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And yet, I must confess to some disquiet at Charles Murray's findings that Britain is only a few years behind America in facing the problems created by a permanent underclass of unwed mothers and their offspring, dependent on the state, prone to criminal behavior. Did Mrs. Thatcher let Britain down? Did she preside over a "greedy decade" in which moral values were discarded in a mad dash toward material prosperity?

A new Victorian

Let me suggest that the answer to that question is "no." For one thing, Mrs. Thatcher used the powerful pulpit of Number 10 Downing Street to preach "Victorian values," a process that gave those values credibility as a standard for behavior among the country's ordinary folk. The Islington smart set and Oxbridge intellectuals might trumpet the virtues of avant garde life styles, but Mrs. Thatcher denied them the official sanction that would give them more universal respectability. When her closest political colleague became involved in a scandal—fathering a child by his secretary—she punished him by denying him the Foreign Secretary post for which he was otherwise destined, and then pressured him to reconcile and remain with his wife. Defending her position, she asked, "What is more Victorian than keeping the family together?"

And when the progressive, no-tests, anything-goes movement began to overwhelm the school system, she and, after her, her appointees, pressed to give parents more control over the administration of schools by extending parental choice and transferring to parents powers previously held by unionized teachers and left-wing local education authorities; by adding lay people to the educationalists who previously constituted the school inspectorate; by reemphasizing national testing and a rigorous curriculum; and by requiring all schools to publish examination results and truancy rates.

Perhaps more important, she sought to justify her emphasis on individual achievement and responsibility—the basis for entrepreneurialism and the rolling back of the state—on moral grounds. She attacked the Church of England for not being more vigorous in denouncing the individual moral laxity which led to the spread of AIDS. And she used the occasion of a talk to the General Assembly of the Church of Scotland to elucidate the link between Christianity and individual responsibility, defined as cheerfully making a lot of money and then giving generously to

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charitable and philanthropic causes. As I noted earlier, she found the concept of self-help, which she associated with many of her Jewish constituents, attractive. This, too, marked her a Victorian. For the message of Samuel Smiles' runaway 1859 bestseller that "self-help ... constitutes the true source of national vigour and strength," was not very different from that preached by Chief Rabbi Immanuel Jakobovits, perhaps the religious leader she most admired, and whom she honored by making him the first head of the Jewish community to be sent to the House of Lords.

Finally, intuition tells me that a regime that increases material well-being, thereby making available more resources for the truly needy, and dispenses those resources in a hard-headed but not hard-hearted way, will do more good than one that stifles growth (and tax revenues) in its pursuit of egalitarianism, and is both soft-headed and soft-hearted. And when my uninformed intuition fails to comfort me, I turn to the spectacularly informed scholarship of Gertrude Himmelfarb.[2]

Thatcher's legacy

In my view, the Thatcher revolution has been both profound and durable. Profound is, I think, an appropriate description for a revolution that weakened two pillars of reaction, the class system and the Luddite trade unions; created a nation of share-owners and homeowners; and made energy and enterprise respectable attributes. But why durable? Here we enter into the always chancy exercise of forecasting—and forecasting phenomena far more complex and subtle than the economic turns we consistently fail to predict with any accuracy. In this case the chore is made even more difficult by the war that has erupted in Britain between the post-Thatcherite supporters of John Major and the unreconstructed Thatcherites of the Norman Tebbit-Nicholas Ridley school.

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[2]"In its sentimental mode, compassion is an exercise in moral indignation, in feeling good rather than doing good; this mode recognizes no principle of proportion, because feeling, unlike reason, knows no proportion, no limit, no respect for the constraints of policy or prudence. In its unsentimental mode, compassion seeks above all to *do* good, and this requires a stern sense of proportion, of reason and self-control. The late Victorians ... were painfully aware that it was sometimes necessary to feel bad in order to do good—to curb their own compassion and restrain their benevolent impulses in the best interests of those they were trying to serve." (*Poverty and Compassion: The Moral Imagination of the Late Victorians*. New York: Alfred A. Knopf, 1991, pp. 5-6.)

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In order to establish himself as his own man, with a kinder and gentler attitude towards his countrymen and a more welcoming approach to his fellow Europeans, Major must distance himself from his predecessor. So he and his supporters emphasize the differences between them. Thatcher loyalists seem equally eager to put distance between their fallen leader and her successor. Convinced that Thatcher was unseated by a senseless and ruthless coup, that her policies are being abandoned by ingrates, they search relentlessly for differences in style and substance between Thatcher and Major. Naturally, they find some, since they are real enough.

With Major putting daylight between himself and Thatcher, and the Thatcherites complaining that he has done just that, it is easy to conclude that Mrs. Thatcher's contributions have already proved, or will soon prove, transitory. But that would be to confuse manner with matter, the frosting with the cake. It seems undeniable that the style of government in Britain has changed: Major is more collegial, less confrontational; more prime ministerial, less presidential.

Geoffrey Smith has noted that Margaret Thatcher shared one quality with Ronald Reagan: "They are both politicians who paint in primary colors. There has been nothing neutral about them or the reactions they provoke. They are memorable personalities, who arouse feelings of enthusiastic admiration or of biting disapproval." It is only natural that the departure of such powerful actors from center stage in favor of blander pragmatists should leave a void, a feeling that their contributions cannot survive their departures. Whether this will prove to be true in America I don't know: certainly George Bush and his gropers-for-a-domestic-policy have persuaded Pat Buchanan that such is the case.

But I think it safe to say that Thatcherism will survive Thatcher, that her stamp on British life will prove indelible. It may fuzz around the edges, but it will remain deeply etched on the economy and on society. Consider, first, the shift in the center of gravity of British politics. More significant than Mrs. Thatcher's effect on her own party has been her effect on the opposition. Labour has waffled in its support for nationalization; it no longer opposes the sale of council houses; it has expelled its militant Trotskyites; it is no longer intent on controlling exchange rates, favoring instead a single currency controlled by Germany; and it

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even supports something called the "social market," best defined as reliance on market forces unless they produce distributional results that Labour dislikes.

Much of this conversion is, at best, skin deep, larded about with exceptions such as the need for regional policy, more social spending, and higher taxes on the rich. But even with a healthy dose of *dirigisme*, and even assuming some backsliding should Neil Kinnock form a government, current Labour policy is far to the right of the one that confronted Mrs. Thatcher in her three successful general election campaigns. Labour may have—indeed, I would say does have—what Irving Kristol has called "only an expediential, as distinct from a principled, commitment to a free market economy." But it really matters little whether this partial conversion to free markets and private ownership is heartfelt or cosmetic: the point is that Labour learned that it had to move to the right in order to have a chance of winning—that Mrs. Thatcher had moved the center of gravity of British politics so far to the right as to reduce extreme leftists such as Tony Benn and Michael Foot to irrelevancy.

Consider, second, Thatcher's massive restructuring of the economy. The gas, electric, water, telephone, oil, airline, auto, steel, bus, and other industries have passed from the public to the private sector. The British socialist state has been dismantled as surely as the Soviet Union and its empire: only 3 percent of the country's GDP is now produced in state-owned industries, and that share will drop when the rail and coal industries are privatized. Indeed, even the Labour Party has retreated from its initial pledge immediately to renationalize the utilities, should it come to power: it now speaks of doing so in some distant future, only after other important priorities have been met.

This irrevocable transfer to the private sector of firms occupying the "commanding heights" of the British economy was more than a mere shift in the holding of a few bits of paper. It represented, first, a major reduction in the role of government in allocating capital, in determining prices to be charged for goods and services, in setting wages, and in determining the quality of essential services. Second, by giving ordinary citizens an opportunity to become share-owning capitalists, this transfer of ownership eroded class distinctions and, perhaps more important, gave millions a stake in the profitability of key British enterprises. To these share-

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holders, many of them blue-collar workers of the sort that opted for Reagan when the Democratic Party abandoned them, profits became the acceptable—no, the desirable—face of capitalism.

Consider, third, Mrs. Thatcher's effect on the pernicious British class system. John Major, her immediate successor, has proclaimed as his goal "a classless society." He could make such a statement only because Margaret Thatcher educated a nation to the desirability of reducing class distinctions, of making the barriers between classes more permeable. To her, being content with one's station was lamentable; striving for position, fancy cars, bigger houses, a better education for one's children, was a social virtue. And Major could set his sights high because Thatcher had started the job of undermining the class system.

When Mrs. Thatcher became prime minister, and had not yet consolidated her hold on her party, her cabinet included six Etonians. Her final cabinet—by which time she had shed the Tory grandees inherited when she first took office—included only two old boys from that high establishment institution. Indeed, so desirable had the British equivalent of our "log cabin origins" become by the time of Mrs. Thatcher's departure, that Etonian Douglas Hurd, the Foreign Secretary, allowed himself to be photographed coatless in a desperate and failed effort to win the leadership from classless John Major.

Of course, not all Britons have been persuaded that they are on the brink of achieving their new prime minister's "classless society." Far from it: a Gallup poll taken in the summer of 1988 found that 73 percent of British respondents "think of Britain as divided between 'haves' and 'have nots'." (Only 26 percent of those responding to an identical question in this country so view American society.) And many still give heavy weight to class distinctions unrelated to financial circumstance.

Nor is it to say that the grandees have been routed, that they now accept the superiority of self-reliance over paternalistic dependence, that they have lost all control over the cultural content of British life. Or that the "chattering classes" have been silenced, and Bollinger Bolshevism routed from its redoubt in Hampstead. Or that the Oxford academics, whose anger at being weaned from the Treasury tit (even if only a bit) led them to deny their prime minister an honorary degree, have stopped their whining. These groups live to fight another day. Indeed, one current

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cabinet minister—a Thatcher holdover, at that—told me at the Tory Party conference in Blackpool that it will be necessary to cut new entrepreneurs down to size: "We don't want to have this country run by men whose only worry is what their wives should be adding to their wardrobes, do we?" he asked.

But the ability of the self-anointed elite to control the prime minister and the cabinet, to appropriate to themselves an ever-larger slice of the national pie, to ridicule the upward strivings of the middle class, has been much reduced. They are not without influence, but in post-Thatcher Britain they are a diminished force, incapable of monopolizing the national agenda. With more newspapers, multi-channel television, clubs whose admission standards are based on current earnings rather than inherited titles, the social and cultural life of Britain is more open, more fluid than it has been in generations.

Perhaps most important, Mrs. Thatcher restored to Britain a sense that appropriate policies and driving entrepreneurialism can produce steady increases in material well-being. As Keynes had put it fifty years before Mrs. Thatcher became prime minister:

> There is no reason why we should not feel ourselves free to be bold, to be open, to experiment, to take action, to try the possibilities of things. And over against us, standing in the path, there is nothing but a few old gentlemen tightly buttoned-up in their frock coats, who only need to be treated with a little friendly disrespect and bowled over like ninepins.

True, Britain is currently experiencing hard times. But these are widely seen as the result of the mistaken policies of then-Chancellor Lawson. They are, in other words, seen as man-made and cyclical, and therefore transitory—not the symptoms of some secular decline, the inevitability of which must be accepted with heroic British resignation. Thatcher taught her countrymen to concentrate on "the possibilities of things," not their limits. This bodes well for the future durability of the major features of the Thatcher revolution.

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Of LULUs, NIMBYs, and NIMTOOs

HERBERT INHABER

IN HIGH SCHOOL, we were told by our mathematics teachers that a proof in geometry had to be both necessary *and* sufficient. The present way we choose sites for hazardous and radioactive wastes in this country, replete with elaborate environmental impact statements and risk analyses, is in some ways necessary. But it isn't sufficient. If it were, we wouldn't have so much trouble finding sites for these locally unwanted land uses—LULUs, in the jargon.

Siting protests have become frequent, and some have even turned violent. In April 1990 an anti-LULU riot broke out in Caneadea, New York (in Allegany County). Protesters charged police lines set up to protect officials who were trying to inspect a proposed low-level radioactive waste (LLRW) site. Hundreds took part in the melee, many wearing masks reading, "Allegany, No Dump." Six men riding horses charged the police. A group of elderly citizens chained themselves across a bridge to prevent the state inspectors from getting through. Thirty-nine people were arrested.

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A poll taken around that time showed that about 91 percent of local residents were opposed to the site. Feelings ran so high against the proposed facility that the local prosecutor had no luck getting a grand jury to indict the rioters, despite the fact that the violence was captured on videotape and witnessed by many bystanders.

The present approach

How can a LULU site be built without setting off riots or endless litigation? The "scientific" approach to finding sites for these LULUs has clearly failed. Everyone is in favor of finding a place for a LULU, as long as it is at least a hundred miles away from them. Is there another way, perhaps market-based, of finding a site? Will those responsible for finding a site for these LULUs always be confronted with counter-acronyms: NIMBY (not in my backyard) or NIMTOO (not in my term of office)?

There *is* a way out of this predicament. It involves simple and proven market principles. Environmental standards, cumbersome as they sometimes are, do not have to be diluted or reduced.

Before I discuss how the market can again solve a seemingly intractable problem, consider the approach leading to the New York riots and many other less violent confrontations. On its face, who could quarrel with it? It is strictly scientific and objective, complete with risk assessments and elaborate ecological studies. As a risk analyst, I cannot quarrel with these studies. Yet, as I noted above, while necessary, these detailed examinations are not sufficient.

The solution envisioned by most siting agencies is education. Who could be against that? To carry this out, public meetings are held in which the potential host communities are lectured by scientists and administrators. The experts usually explain that the risks are very small (which they are) and that the chances of environmental damages from a well-engineered facility are almost negligible (also true). Then they sit back and wait for nods of agreement from the locals.

The nods never come. As University of Southern California professor Elihu Katz has noted, "In spite of the blind belief of advertisers, politicians, some academics and the public that media campaigns are capable of inducing massive changes in opinions,

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attitudes and actions—always somebody else's, not one's own—the research evidence continues to say otherwise."

In Allegany County, according to one newspaper report, one public information meeting attracted about 5,000 people, "many of them chanting 'no dump,' [who] hooted and hollered their opposition." While this was undoubtedly one of the major examples of public participation in that sparsely populated county's history, it could hardly be described as a meeting in which the people were educated by the scientists.

I was formerly coordinator of the Office of Risk Analysis at Oak Ridge National Laboratory in Tennessee. As part of my job, I attended public meetings dealing with the proposed (and semi-abandoned) Monitored Retrievable Storage system, whereby nuclear fuel rods would be "temporarily" stored until a final repository was built. In these meetings, I was nervous about standing up and saying something that could be construed as possibly supporting the viewpoint of the scientists who were being shouted down. So much for public interaction and dialogue, the ostensible purpose of these gatherings.

The system is not supposed to work like this. It is supposed to begin with a neutral evaluation of the need for a facility. Then a map of the state or region under consideration is examined to eliminate unsuitable places, such as swamps and big cities. The narrowing-down process, performed only by experts, continues until a specific, presumably the "best," site is chosen. The inhabitants of that community are told that their increase in risk, as calculated by yet other experts, will be small. After some consideration, they agree, and construction begins.

That is the way it looks on the blueprint. But the preceding examples suggest that the elaborate plan, with its series of milestones and deadlines, rarely is implemented.

Education and risk

While educating the public on any technical subject is a good idea, in the case of LULUs it has worked fitfully at best. Locals often perceive contempt in the attitude of technicians who lecture them along these lines: "Here are the facts. There's no appeal, because we know what the truth is. If you had any sense, you'd accept what we say."

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Much of the debate ultimately centers on risk. Risk analysts contend that the hazards are small, but the people in affected areas meet this with disbelief. Part of the disparity in viewpoints is normal, deriving from who is performing the risk analyses, and who is expected to understand them. Chauncey Starr, the former head of the Electric Power Research Institute in Palo Alto, would illustrate this disparity with a story about bread-cutting:

> Go to the grocery store and buy a loaf of unsliced bread. When you get it home, start slicing. Note how far your thumb is from the knife. Now call in a neighbor, your spouse, or even a stranger walking down the street. You again hold the loaf, but this time let the other person hold the knife. Now see how far your thumb is from the knife. Chances are it's much farther away.

In other words, when you are in charge of your own risk, you may be nonchalant. If somebody else is controlling the hazards, you are much more cautious.

This proposition was self-evident at the Tennessee meetings I attended. I made a brief observation of the other vehicles pulling into the parking lot. Very few of the drivers and passengers were wearing seatbelts. And the air in the meeting halls was filled with cigarette smoke. Most risk analysts would say that smoking or driving without seatbelts would produce much greater risk than any conceivable LULU.

Such instances may give the impression that the public is somehow irrational about LULUs. It is not. Consider the following imaginary analogy: Suppose it had been shown by batteries of scientists that green cars cause less eye strain, and in addition reduce global warming due to their absorption of certain solar rays. But suppose that consumers preferred red cars. Any manufacturer who decided that customers were unreasonable in ignoring the scientific evidence, and produced only green autos, would soon find himself with shuttered factories. No LULU site will ever be built by debating just who is or is not being logical. If the facilities are to be constructed, fruitless arguments of this type must be put aside.

In truth, those who live around a potential LULU site are exhibiting intelligence, although it may not be readily apparent to the beleaguered scientists and engineers dodging verbal bullets on the platform. As Gail Bingham of the Conservation Foundation writes,

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> Although it may sound heretical or obvious, *local residents are acting rationally in opposing hazardous waste facilities* [emphasis in original]. Those wishing to site new hazardous waste facilities must begin by acknowledging (at least to themselves) that even good proposals are likely to impose more costs than benefits on local residents. The reason local residents oppose new facilities is that they have every incentive to do so—the new facility makes them worse off. Thus, the most direct way to respond to such opposition is to change the incentives that motivate people's behavior.

The role of incentives

Incentives are key here. Incentives of varying types propel much, though not all, of human behavior. Is it inconceivable that they can be used to find sites for LULUs?

The rush to the barricades begins. "You can't mix the environment with money," the cry arises. "People's health and environmental quality are too important to be rung up on a cash register."

Perhaps the best response to this was offered by a fellow risk analyst at the University of Tennessee. He had long been active in studying the nuclear waste management process, and observed:

> In a perfect world, environment and dollars might be in separate compartments, kept apart by an impermeable barrier. But in the real world, they're already intermingled, whether or not the neighbors of a waste site get a penny themselves. The funds to 'educate' the people that the risks are smaller than they imagine have to come from somewhere. They're taken from the pockets of the rest of us, of course. And the various siting commissions spend freely. I should know—some of my research is paid for by them. The states have spent tens of millions of dollars, if not hundreds of millions, without an ounce of radioactive waste being put into the ground. The federal program for high-level radioactive wastes has spent hundreds of millions, with about the same results.
>
> So let's not pretend that there are no incentives in the hazardous-waste siting process. There are plenty of them—but they go to government bureaucrats, university professors like myself, and consulting firms. The people whose lives would be most affected by the waste site see precious few of these incentives.

But does the use of incentives for accepting LULUs constitute a bribe to the local population? In a word, no. Bribery has three elements that a properly designed incentive system does not. First, bribery is only used in pursuit of an illegal act. Finding a LULU

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site is not only legal, almost every citizen is in favor of it, as long as it's not in his backyard. Second, bribery is almost always done under the table. A viable incentive system would avoid closed doors. It would make the level of payments publicly and widely known. Third, bribes are always targeted. An appropriate incentive system will not zero in on any specific county, town, or other political jurisdiction, as is often done under the "objective" procedure now in place. Rather, it will let the potential site neighbors decide for themselves if the level of incentives matches any level of harm they perceive coming from the site.

Incentives to take socially approved action would not be a new phenomenon if applied to hazardous-waste sites. For example, walk into a post office and chances are you will see photos of real or alleged felons. Above their fuzzy snapshots will be the word "Reward." In a perfect world, we would all be so civic-minded that we would be on continuous outlook for these fugitives, without any thought of recompense. In the real world, the state has found that it can achieve its goals—bringing these individuals to justice—by offering an incentive to do so.

Why negotiation fails

If incentives should be supplied to the people who would be affected by a LULU near them, what system should be used to set the level? The obvious and intuitive first choice would be negotiation between the siting authority and the affected community.

But that process holds a defect that, as I noted above, will engender charges of bribery, if not worse: the element of secrecy. Most negotiations are carried out behind closed doors. I cannot envision the entire population of a town or county bargaining simultaneously. While negotiation over compensation works in most other contexts, it faces severe difficulty in the LULU context.

The implicit model used for negotiation in trying to site a LULU is that of labor-management bargaining. Admittedly, most labor-management talks end in success, in that a contract of some sort is signed. But these discussions have one element that arguments over LULU siting do not: a deadline. That is, both labor and management know that at some point a strike or lockout can occur. Even when that date is postponed, it still looms in all negotiators' minds.

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Nothing of the sort happens in LULU-siting talks. All participants know that any deadlines specified are easily ignored. When Congress passed the Low-Level Radioactive Waste Policy Act of 1980, for example, it required states to form "compacts" that were to build waste-storage facilities. By 1985, all the elaborate deadlines set down in the legislation had passed, so Congress passed amendments to the original law. Seven years after the new legislation got the President's signature, most of the new deadlines have been forgotten. States and localities are still arguing over where the radioactive wastes should go.

About the same thing happened with respect to high-level nuclear waste (mostly spent fuel rods from nuclear reactors). After years of the Department of Energy setting its own deadlines, Congress got involved in 1982, establishing a whole new set. Few if any were met. Five years later, a new law was passed, producing still more deadlines. Even those have been missed by years, due in part to legal wrangling. So when a siting system for a LULU is proposed, with an elaborate schedule of milestones, the targeted community generally knows it can avoid them.

Auctions: direct and indirect

One way out of the negotiation-deadline trap is a public auction. The reasons for holding auctions of any type were summarized by Ralph Cassady in his authoritative book on the subject, *Auctions and Auctioneering*:

> One answer is, perhaps, that some products have no standard value. For example, the price of any catch of fish (or at least of fish destined for the fresh fish market) depends on demand and supply conditions at a specific moment of time, influenced possibly by prospective market developments. For manuscripts and antiques, too, prices must be remade for each transaction. For example, how can one discover the worth of an original copy of Lincoln's Gettysburg Address except by auction method?

To follow Cassady's reasoning, there would be no point in using an auction system in conjunction with the millions of catalytic converters attached annually to our cars to reduce air pollution. The converters are generally similar. But each hazardous- or radioactive-waste site, or other LULU, is a unique combination of calculated risks, geology, nearby population, engineering design,

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and, most importantly, the attitudes of potential surrounding neighbors. For this reason, an auction is the best way to decide the appropriate level of compensation.

Although almost everyone has participated in an auction at one time or another, we may be unfamiliar with their use in public policy. One recent example was the siting process for the superconducting supercollider (SSC), the physically largest and most expensive scientific project in history, which took place via an indirect auction among the competing states.

An auction in disguise

The gigantic particle accelerator, estimated recently to cost about $8 billion, will dwarf all past scientific endeavors. When finished, it will employ about 3,000 scientists, engineers, and technicians, with an annual payroll of about $270 million.

The SSC was, and is, clearly a desirable installation. It is thus vastly different from a LULU. Yet both share one characteristic: they both can be built in a variety of locations. Because there are then many potential "bidders," an auction could, in principle, have taken place for the SSC.

Almost every state expressed at least some interest in having the lucrative installation within its borders. About two dozen submitted formal applications. Congress wanted the selection to be done in an "objective" way, and so forbade direct financial bids by the states. That is, Pennsylvania could not say, "We hereby offer $500 million for the SSC."

In that sense, there was never any auction held for the accelerator. But as Congress often does, it left a loophole in the law big enough to drive the entire SSC installation through. States were not precluded from bidding *indirectly* on the project. As far as the theory of auctions is concerned, an indirect bid, with goods and services offered instead of currency, is equivalent to a direct bid.

Since all states were aware of the size of competing indirect bids, for all practical purposes an auction was held for the SSC. The auction took place at the same time as the "objective" search by a committee of the National Research Council (NRC), an arm of the National Academy of Sciences.

Of the indirect bids, Texas's was the largest, at approximately $1 billion. Some of it was in the form of an electricity subsidy over

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the lifetime of the installation, providing electricity at the rate of one cent per kilowatt-hour. About one-eighth of the current average national rate, this is an enormous indirect subsidy, since the SSC will be a prodigious user of electricity. Illinois offered $570 million in roads, housing, and fellowships. Colorado offered a package of $300 million in road and railroad improvements; many other states offered comparable packages.

The NRC awarded the SSC to Texas, which, as it happens, made the highest indirect bid. So if the "objective" method had been dropped in favor of an auction, Texas would have also won. The results were the same as if an auction *had* been held.

The reverse Dutch auction

The economic literature is filled with descriptions of many types of auctions. Which one is best to site LULUs?

Consider the English auction, the one with which we are most familiar: this variety is held in Sotheby's, churches, synagogues, and farm yards. In an English auction, the auctioneer's cry might be as follows: "I have ten dollars, ten dollars ... Do I hear fifteen? Fifteen—I have fifteen. Now, is there someone at twenty? The gentleman in the back row offers twenty. Anyone for twenty-five?"

The English auction almost always has multiple bids. But this is probably too much to expect when finding a site for a LULU. One adequate volunteer would be sufficient. That would be one more than the number that usually volunteer.

What then is left? The Dutch auction (sometimes called Chinese) starts with a high price that falls. This form is used to speed up the auction process, since the English auction can be time-consuming. The Dutch auction begins with a silent appraisal by the auctioneer of a reasonable price for the goods on the block. For example, he might decide that a consignment of cut flowers is worth about $50. He does not announce this. On that basis, he might start the bidding at $100, hoping that a bid of more than $50 will be made. The cry in a Dutch auction might then be:

> I will start the bidding at $100. Any takers? I will reduce the price to $95. No hands at that price, so I will lower it to $90. Going once, going twice—to $85. The lady in the front row raises her hand, so she gets the lot for $85.

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The Dutch auction differs considerably from the English version. From the viewpoint of finding LULU sites, the prime dissimilarity is that there is only one bid. In the above example, when the hand was raised at $85, the auction ended immediately. There was no chance for reconsideration or second chances.

This feature then corresponds to what society needs in finding a LULU site: a community that is certain of what it wants and the price it deserves.

How it works

The Dutch auction deals in desirable objects, like flowers or cheese. But a LULU is clearly a different matter. In a Dutch auction, the bidders pay *for* the object on the block. In dealing with LULUs, we have to pay money *to* the community making a bid. This then suggests a *reverse* Dutch auction, in which a community bids to be paid.

In the reverse Dutch auction, another feature of the ordinary Dutch auction is retained. The price level is set by the auctioneer, not the participants. In the example noted above, the auctioneer, if he had been so inclined, could have changed the price in increments of $10—or $1. The participants in a reverse Dutch auction therefore cannot arbitrarily raise the price they will be paid for accepting the LULU. The auctioneer—in this case a siting authority—is in control.

Thus, in a reverse Dutch auction, the price would rise until a town or county came forward with an environmentally acceptable location. After that sole bid the auction would end.

The reverse Dutch auction would of course be proposed via the usual official documents. But if an oral announcement to a meeting of officials from potential siting communities were made, it might sound approximately as follows:

> We have this radioactive waste (or prisoners, or municipal trash, or incinerator) we wish to site. We have abandoned the previous technique of pretending to listen to you and then forcing the facility on a community regardless of its wishes.
>
> What have we substituted in place of this discredited method? We propose to let the market determine the site, subject to existing environmental regulations. Any community that does not want the facility under any circumstances does not have to participate in the auction. This will ensure that the facility will never be within its boundaries.

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The increase in the size of the bonus should draw the attention of those communities that are not absolutely and irrevocably opposed to the facility. Of course, if a community waits too long to decide, it runs the risk of seeing the bonus go to another community.

We are not going to choose the site. You are. Admittedly, most communities don't have the scientists and engineers needed to do any required studies. Feel free to hire as many as necessary, and send the bill to us. But don't employ them to prove you shouldn't have the site in your area. If you don't want the site at any price, just don't bid.

For the first month of the auction, we're offering a $10 million bonus [or any arbitrary amount] to a community that volunteers. After that, the bonus will rise $10 million monthly, until a community comes forward. And we know that one will volunteer, when the price is right. That should end, once and for all, the waste controversy in our state. All unproductive activity—lawsuits, threats, and riots—can now come to an end. We have found the key to making the volunteer community happy that it has stepped forward.

Source of the bonus

Where would the money for the reverse Dutch auction come from? For LULUs built to accommodate wastes the initial source would be the waste generators. Ultimately, of course, the costs will be passed on, in one form or another, to the rest of us. As a nation, we have been crying "NIMBY" without having to pay any price. But the privilege of living ten, one hundred, or one thousand miles from a LULU surely has an economic value. Whatever the level of the bonus in the reverse Dutch auction, it is the true social cost of the facility. Put another way, it's the price the rest of us have to pay so the wastes aren't in *our* backyard.

Waste generators won't like new taxes. But at least they would be getting something for their money. No bonus would be paid until a real site was found and approved. Contrast this to the search for a low-level radioactive waste site in New York State. Roberta Lovenheim, a consultant to the New York State Low-Level Waste Group (an organization of radioactive-waste producers), says that $37 million has been spent to date in the so-far fruitless quest. The federal government has spent hundreds of millions of dollars on a site for high-level waste, battling Nevada and the governors of other states. The nuclear fuel rods still wait patiently in their pools at the reactors. The moral? It's better to pay for a Mercedes, if you're definitely going to get it, than for a Yugo that never appears.

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Is this just a technique for foisting LULUs on the poorest communities? Not really. Under the reverse Dutch auction, if a poor community volunteered, it could anticipate a substantial bonus heading its way. The bonus might be on the order of hundreds of millions, depending on the particular facility, the size of the state, the competition in the auction, and other factors. Modern Landfill Incorporated has offered every citizen of Lewiston, New York, $960 annually for the next twenty years for the right to expand a landfill, from which hazardous wastes would be excluded. The price per citizen could very well be higher for hazardous and radioactive wastes, although the bonus would only be decided as the reverse Dutch auction proceeded.

Contrast this with the battle over the low-level radioactive waste site in Allegany County. The state offered to pay the county $1 million annually in lieu of taxes. This works out to about $20 per person each year. Although Allegany County residents have been derided as irrational, in reality they were behaving in accord with economic logic, if a little violently. They were each asked to accept $20 a year for wastes that most people, rightly or wrongly, regard as more dangerous than regular garbage. Yet people three counties away are offered $960 annually to enlarge an ordinary landfill.

A way out of the maze

Of course, LULUs do get built, sometimes without significant opposition. Penitentiaries arise and homeless shelters are located, occasionally without the slightest protest. An economist would say that in these instances the perceived social benefits to the nearby community outweigh the costs. For example, in some areas, a prison might be regarded as a valuable source of employment. In those cases, no reverse Dutch auction would be necessary. In others, the odium of the facility may outweigh the promise of hundreds of jobs.

In general, though, LULUs—especially waste sites—will tend to be regarded negatively by most communities. And those who cry "NIMBY" are in an important sense rational. They are telling us that the cost, real or perceived, of a LULU in their vicinity is high *to them*.

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One critic has labeled the present system of finding waste sites "DAD," perhaps in honor of its paternalistic nature: "Decide, Announce, and Defend." Under the present system, a siting commission decides on a specific site behind closed doors, announces its decision, and spends the rest of its time defending the decision from the slings and arrows of outraged citizens.

The objections of these citizens have been a useful signal, like a toothache telling us of decay. Now is the time to respond to that sometimes noisy message in a fair and equitable way, using the reverse Dutch auction to settle LULU disputes.

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Organs for sale? Propriety, property, and the price of progress

LEON R. KASS

JUST IN CASE anyone is expecting to read about new markets for Wurlitzers, let me set you straight. I mean to discuss organ transplantation and, especially, what to think about recent proposals to meet the need for transplantable human organs by permitting or even encouraging their sale and purchase. If the reader will pardon the impropriety, I will not beat around the bush: the subject is human flesh, the goal is the saving of life, the question is, "To market or not to market?"

Such blunt words drive home a certain impropriety not only in my topic but also in choosing to discuss it in public. But such is the curse of living in interesting times. All sorts of shameful practices, once held not to be spoken of in civil society, are now enacted with full publicity, often to applause, both in life and in art. Not the least price of such "progress" is that critics of any impropriety have no choice but to participate in it, risking further blunting of sensibilities by plain overt speech. It's an old story: opponents of

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unsavory practices are compelled to put them in the spotlight. Yet if we do not wish to remain in the dark, we must not avert our gaze, however unseemly the sights, especially if others who do not share our sensibilities continue to project them—as they most certainly will. Besides, in the present matter, there is more than impropriety before us—there is the very obvious and unquestionable benefit of saving human lives.

About two years ago I was asked by a journal to review a manuscript that advocated overturning existing prohibitions on the sale of human organs, in order to take advantage of market incentives to increase their supply for transplantation. Repelled by the prospect, I declined to review the article, but was punished for my reluctance by finding it in print in the same journal. Reading the article made me wonder at my own attitude: What precisely was *it* that I found so offensive? Could it be the very idea of treating the human body as a heap of alienable spare parts? If so, is not the same idea implicit in organ *donation*? Why does payment make it seem worse? My perplexity was increased when a friend reminded me that, although we allow no commerce in organs, transplant surgeons and hospitals are making handsome profits from the organ-trading business, and even the not-for-profit transplant registries and procurement agencies glean for their employees a middleman's livelihood. Why, he asked, should everyone be making money from this business except the person whose organ makes it possible? Could it be that my real uneasiness lay with organ donation or with transplantation itself, for, if not, what would be objectionable about its turning a profit?

Profit from human tissue was centrally the issue in a related development two years ago, when the California Supreme Court ruled that a patient had no property rights in cells removed from his body during surgery, cells which, following commercial genetic manipulation, became a patented cell-line that now produces pharmaceutical products with a market potential estimated at several billion dollars, none of it going to the patient. Here we clearly allow commercial ownership of human tissue, but not to its original possessor. Is this fair and just? And quite apart from who reaps the profits, are we wise to allow patents for still-living human tissue? Is it really necessary, in order to encourage the beneficial exploitation of these precious resources, to allow the usual commercial and market arrangements to flourish?

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With regard to obtaining organs for transplantation, voluntary donation rather than sale or routine salvage has been the norm until now, at least in the United States. The Uniform Anatomical Gift Act, passed in all fifty states some twenty years ago, altered common-law practices regarding treatment of dead bodies to allow any individual to donate all or any part of his body, the gift to take place upon his death. In 1984, Congress passed the National Organ Transplantation Act to encourage and facilitate organ donation and transplantation, by means of federal grants to organ-procurement agencies and by the creation of a national procurement and matching network; this same statute prohibited and criminalized the purchase or sale of all human organs for transplant (if the transfer affects interstate commerce). Yet in the past few years, a number of commentators have been arguing for change, largely because of the shortage in organs available through donation. Some have, once again, called for a system of routine salvage of cadaveric organs, with organs always removed unless there is prior objection from the deceased or, after death, from his family—this is the current practice in most European countries (but not in Britain). Others, believing that it is physician diffidence or neglect that is to blame for the low yield, are experimenting with a system of required request, in which physicians are legally obliged to ask next of kin for permission to donate. Still others, wishing not to intrude upon either individual rights or family feelings regarding the body of the deceased, argue instead for allowing financial incentives to induce donation, some by direct sale, others by more ingenious methods. For example, in a widely discussed article, Lloyd Cohen proposes and defends a futures market in organs, with individuals selling (say, to the government) future rights to their cadaveric organs for money that will accrue to their estate if an organ is taken upon their death and used for transplant.

In this business, America is not the leader of the free-market world. Elsewhere, there already exist markets in organs, indeed in live organs. In India, for example, there is widespread and open buying and selling of kidneys, skin, and even eyes from living donors—your kidney today would fetch about 25,000 rupees, or about $1,200, a lifetime savings among the Indian poor. Rich people come to India from all over the world to purchase. Last summer, the *New York Times* carried a front-page story reporting current Chinese marketing practices, inviting people from Hong Kong to come to China for fixed-price kidney-transplant surgery,

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organs—from donors unspecified—and air fare included in the price. A communist country, it seems, has finally found a commodity offering it a favorable balance of trade with the capitalist West.

What are we to think of all this? It is, for me, less simple than I first thought. For notwithstanding my evident revulsions and repugnances, I am prepared to believe that offering financial incentives to prospective donors could very well increase the supply—and perhaps even the quality—of organs. I cannot deny that the dead human body has become a valuable resource which, rationally regarded, is being allowed to go to waste—in burial or cremation. Because of our scruples against sales, potential beneficiaries of transplantation are probably dying; less troubling but also true, their benefactors, actual and potential—unlike the transplant surgeons—are not permitted to reap tangible rewards for their acts of service. Finally, and most troublesome to me, I suspect that regardless of all my arguments to the contrary, I would probably make every effort and spare no expense to obtain a suitable life-saving kidney for my own child—if my own were unusable. And though I favor the pre-modern principle, "One man, one liver," and am otherwise disinclined to be an organ donor, and though I can barely imagine it, I think I would readily sell one of my own kidneys, were the practice legal, if it were the only way to pay for a life-saving operation for my children or my wife. These powerful feelings of love for one's own are certainly widely shared; though it is far from clear that they should be universalized to dictate mores or policy in this matter, they cannot be left out of any honest consideration.

The question "Organs for sale?" is compelling and confusing also for philosophical reasons. For it joins together some of the most powerful ideas and principles that govern and enrich life in modern, liberal Western society: devotion to scientific and medical progress for the relief of man's estate; private property, commerce, and free enterprise; and the primacy of personal autonomy and choice, including freedom of contract. And yet, seen in the mirror of the present question, these principles seem to reach their natural limit or at least lose some of their momentum. For they painfully collide here with certain other notions of decency and propriety, pre-modern and quasi-religious, such as the sanctity of man's bodily integrity and respect owed to his mortal remains. Can a balance be struck? If not, which side should give ground? The

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stakes would seem to be high—not only in terms of lives saved or lost but also in terms of how we think about and try to live the lives we save and have.

How to proceed? Alas, this, too, poses an interesting challenge—for in whose court should one conduct the inquiry? Shall we adopt the viewpoint of the economist or the transplant facilitator or the policy analyst, each playing largely by rational rules under some version of the utilitarian ethic: find the most efficient and economical way to save lives? Or shall we adopt the viewpoint of the strict libertarian, and place the burden of proof on those who would set limits to our autonomy to buy and sell or to treat our bodies in any way we wish? Or shall we adopt a moralist's position and defend the vulnerable, to argue that a great harm—say, the exploitation or degradation of even one person—cannot be overridden by providing greater goods to others, perhaps not even if the vulnerable person gives his less-than-fully-free consent?

Further, whichever outlook we choose, from which side shall we think about restrictions on buying and selling—what the experts call "inalienability"? Do we begin by assuming markets, and force opponents to defend non-sale as the exception? Or do we begin with some conception of human decency and human flourishing, and decide how best to pursue it, electing market mechanisms only where they are appropriate to enhancing human freedom and welfare, but remaining careful not to reduce the worth of everything to its market price? Or do we finesse such questions of principle altogether and try to muddle through, as we so often do, refining our policies on an *ad hoc* basis, in light of successes, costs, and public pressures? Whose principles and procedures shall we accept? And on whom shall we place the burden of what sort of proof?

Because of the special nature of this topic, I will not begin with markets and not even with rational calculations of benefits and harms. Indeed, I want to step back from policy questions altogether and consider more philosophically some aspects of the *meaning* of the idea of "organs for sale." I am especially eager to understand how this idea reflects and bears on our cultural and moral attitudes and sensibilities about our own humanity and, also, to discover the light it sheds on the principles of property, free contract, and medical progress. I wish, by this means, also to confront rational expertise and policy analysis with some notions outside of expertise, notions that are expressed and imbedded in our untutored repugnance at the thought of markets in human flesh. One would

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like to think that a proper understanding of these sentiments and notions—not readily rationalizable or measurable but not for that reason unreasonable or irrational—might even make a difference to policy.

I. Propriety

The non-expert approaching the topic of organ transplantation will begin with questions of propriety, for it is through the trappings of propriety that we normally approach the human body; indeed, many of our evolved conventions of propriety—of manners and civility—are a response to the fact and problem of human embodiment. What, then, is the fitting or suitable or seemly or decent or proper way to think about and treat the human body, living and dead? This is, indeed, a vast topic, yet absolutely central to our present concern; for what is permissible to do to and with the body is partly determined by what we take the human body to be and how it is related to our own being.

I have explored these questions at some length elsewhere, in an essay entitled "Thinking About the Body,"[†] from which I transplant some conclusions without the argument. Against our dominant philosophical outlooks of reductive corporealism (that knows not the soul) and person-body dualism (that deprecates the body), I advance the position of psychophysical unity, a position that holds that a human being is largely, if not wholly, self-identical with his enlivened body. Looking up to the body and meditating on its upright posture and on the human arm and hand, face and mouth, and the direction of our motion (with the help of Erwin Straus's famous essay on "The Upright Posture"), I argue for the body's intrinsic dignity:

> The dumb human body, rightly attended to, shows all the marks of, and creates all the conditions for, our rationality and our special way of being-in-the-world. Our bodies demonstrate, albeit silently, that we are more than just a complex version of our animal ancestors, and, conversely, that we are also more than an enlarged brain, a consciousness somehow grafted onto or trapped within a blind mechanism that knows only survival. The body-form *as a whole* impresses on us its inner powers of thought and action. Mind and hand, gait and gaze, breath and tongue, foot and mouth—all are part of a single package, suffused with the presence of intelligence. We are *rational* (i.e., *thinking*) animals,

[†]Leon R. Kass, M.D., *Toward a More Natural Science: Biology and Human Affairs* (New York: The Free Press, 1985).

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> down to and up from the very tips of our toes. No wonder, then, that even a corpse still shows the marks of our humanity.

And, of course, it shows too the marks of our particular incarnation of humanity, with our individual and unique identity.

Yet this is only part of the story. We are *thinking* animals, to be sure, but we are simultaneously also and merely thinking *animals*. Looking down on the body, and meditating on the meaning of its nakedness (with the help of the story of man and woman in the Garden of Eden), we learn of human weakness and vulnerability, and especially of the incompleteness, insufficiency, needy dependence, perishability, self-division, and lack of self-command implicit in our sexuality. Yet while perhaps an affront to our personal dignity, these bodily marks of human abjection point also to special interpersonal relationships, which are as crucial to our humanity as is our rationality:

> For in the navel are one's forebears, in the genitalia our descendants. These reminders of perishability are also reminders of perpetuation; if we understand their meaning, we are even able to transform the necessary and shameful into the free and noble.... [The body, rightly considered,] reminds us of our debt and our duties to those who have gone before, [teaches us] that we are not our own source, neither in body nor in mind. Our dignity [finally] consists not in denying but in thoughtfully acknowledging and elevating the necessity of our embodiment, rightly regarding it as a gift to be cherished and respected. Through ceremonious treatment of mortal remains and through respectful attention to our living body and its inherent worth, we stand rightly when we stand reverently before the body, both living and dead.

This account of the meaning of the human body helps to make sense of numerous customs and taboos, some of them nearly universal. Cannibalism—the eating of human flesh, living and dead—is the preeminent defilement of the body; its humanity denied, the human body is treated as mere meat. Mutilation and dismemberment of corpses offend against bodily integrity; even surgery involves overcoming repugnance at violating wholeness and taboos against submitting to self-mutilation, overridden here only in order to defend the imperiled body against still greater threats to its integrity. Voyeurism, that cannibalism of the eyes, and other offenses against sexual privacy invade another's bodily life, objectifying and publicizing what is, in truth, immediate and intimate, meaningful only within and through shared experience. Decent burial—or other ceremonial treatment—of the mortal remains of ancestors and kin pays honor to both personal identity and genera-

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tional indebtedness, written, as it were, into the body itself. How these matters are carried out will vary from culture to culture, but no culture ignores them—and some cultures are more self-consciously sensitive to these things than others.

Culture and the body

The Homeric Greeks, who took embodiment especially to heart, regarded failure to obtain proper burial as perhaps the greatest affront to human dignity. The opposite of winning great glory is not cowardice or defeat, but becoming an unburied corpse. In his invocation to the Muse at the start of the *Iliad*, Homer deplores how the wrath of Achilles not only caused strong souls of heroes to be sent to Hades, but that *they themselves* were left to be the delicate feastings of birds and dogs; and the *Iliad* ends with the funeral of Hector, who is thus restored to his full humanity (above the animals) after Achilles's shameful treatment of his corpse: "So they buried Hector, breaker of horses." A similarly high regard for bodily integrity comes down to us through traditional Judaism and Christianity. Indeed, the Biblical tradition extends respect for bodily wholeness even to animals: while sanctioning the eating of meat, the Noachide code—widely regarded as enunciating natural rather than divine law—prohibits tearing a limb from a living animal.

Most of our attitudes regarding invasions of the body and treatment of corpses are carried less by maxims and arguments, more by sentiments and repugnances. They are transmitted inadvertently and indirectly, rarely through formal instruction. For this reason, they are held by some to be suspect, mere sentiments, atavisms tied to superstitions of a bygone age. Some even argue that these repugnances are based mainly on strangeness and unfamiliarity: the strange repels *because* it is unfamiliar. On this view, our squeamishness about dismemberment of corpses is akin to our horror at eating brains or mice. Time and exposure will cure us of these revulsions, especially when there are—as with organ transplantation—such enormous benefits to be won.

These views are, I believe, mistaken. To be sure, as an empirical matter, we can probably get used to many things that once repelled us—organ swapping among them. As Raskolnikov put it, and he should know, "Man gets used to everything—the beast." But I am certain that the repugnances that protect the dignity and integrity of the body are not based solely on strangeness. And they

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are certainly not irrational. On the contrary, they may just be—like the human body they seek to protect—the very embodiment of reason. Such was the view of Kant, whose title to rationality is second to none, writing in *The Metaphysical Principles of Virtue*:

> To deprive oneself of an integral part or organ (to mutilate oneself), e.g., to *give away* or *sell* a tooth so that it can be planted in the jawbone of another person, or to submit oneself to castration in order to gain an easier livelihood as a singer, and so on, belongs to partial self-murder. But this is not the case with the amputation of a dead organ, or one on the verge of mortification and thus harmful to life. Also, it cannot be reckoned a crime against one's own person to cut off something which is, to be sure, a part, but not an organ of the body, e.g., the hair, although selling one's hair for gain is not entirely free from blame.

Kant, rationalist though he was, understood the rational man's duty to himself as an animal body, precisely because this special animal body was the incarnation of reason:

> [T]o dispose of oneself as a mere means to some end of one's own liking is to degrade the humanity in one's person (*homo noumenon*), which, after all, was entrusted to man (*homo phenomenon*) to preserve.

Man contradicts his rational being by treating his body as a mere means.

Respect for the living and the dead

Beginning with notions of propriety, rooted in the meaning of our precarious yet dignified embodiment, we start with a series of presumptions and repugnances *against* treating the human body in the ways that are required for organ transplantation, which really is—once we strip away the trappings of the sterile operating rooms and their astonishing technologies—simply a noble form of cannibalism. Let me summarize these *prima facie* points of departure.

(1) Regarding *living donors*, there is a presumption against self-mutilation, even when good can come of it, a presumption, by the way, widely endorsed in the practice of medicine: Following venerable principles of medical ethics, surgeons are loath to cut into a healthy body not for its own benefit. As a result, most of them will not perform transplants using kidneys or livers from unrelated living donors.

(2) Regarding *cadaver donation*, there is a *beginning* presumption that mutilating a corpse defiles its integrity, that utilization of its parts violates its dignity, that ceremonial disposition of the total remains is the fitting way to honor and respect the life that once

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this body lived. Further, because of our body's inherent connection with the embodied lives of parents, spouses, and children, the common law properly mandates the body of the deceased to next of kin, in order to perform last rites, to mourn together in the presence of the remains, to say ceremonial farewell, and to mark simultaneously the connection to and the final separation from familial flesh. The deep wisdom of these sentiments and ways explains why it is a strange and indeed upsetting departure to allow the will of the deceased to determine the disposition of his remains and to direct the donation of his organs after death: for these very bodily remains are proof of the limits of his will and the fragility of his life, after which they "belong" properly to the family for the reasons and purposes just indicated. These reflections also explain why doctors—who know better than philosophers and economists the embodied nature of all personal life—are, despite their interest in organ transplantation, so reluctant to press the next of kin for permission to remove organs. This, and not fear of lawsuit, is the reason why doctors will not harvest organs without the family's consent, even in cases in which the deceased was a known, card-carrying organ donor.

(3) Regarding the *recipients of transplantation*, there is some primordial revulsion over confusion of personal identity, implicit in the thought of walking around with someone else's liver or heart. To be sure, for most recipients, life with mixed identity is vastly preferable to the alternative, and the trade is easily accepted. Also, the alien additions are tucked safely inside, hidden from sight. Yet transplantation as such—especially of vital organs—troubles the easygoing presumption of self-in-body, and ceases to do so only if one comes to accept a strict person-body dualism or adopts, against the testimony of one's own lived experience, the proposition that a person is or lives only in his brain-and-or-mind. Even the silent body speaks up to oppose transplantation, in the name of integrity, selfhood, and identity: its immune system, which protects the body against all foreign intruders, naturally rejects tissues and organs transplanted from another body.

(4) Finally, regarding *privacy and publicity*, though we may celebrate the life-saving potential of transplantation or even ordinary surgery, we are rightly repelled by the voyeurism of the media, and the ceaseless chatter about this person's donation and that person's new heart. We have good reason to deplore the coarsening of sensibilities that a generation ago thought it crude of Lyndon Johnson

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to show off his surgical scar, but that now is quite comfortable with television in the operating suite, requests for organ donation in the newspaper, talk-show confessions of conceiving children to donate bone marrow, and the generalized talk of spare parts and pressed flesh.

I have, I am aware, laid it on thick. But I believe it is necessary to do so. For we cannot begin in the middle, taking organ transplantation simply for granted. We must see that, from the point of view of decency and seemliness and propriety, there are scruples to be overcome and that organ transplantation must bear the burden of proof. I confess that, on balance, I believe the burden can be easily shouldered, for the saving of life is indeed a great good, acknowledged by all. Desiring the end, we will the means, and reason thus helps us overcome our repugnances—and, unfortunately, leads us to forget what this costs us, in coin of shame and propriety. We are able to overcome the restraints against violating the integrity of dead bodies; less easily, but easily enough for kin, we overcome our scruple against self-mutilation in allowing and endorsing living donation—though here we remain especially sensitive to the dangers of coercion and manipulation of family ties.

How have we been able to do so? Primarily by insisting on the principle not only of voluntary consent but also of *free donation*. We have avoided the simple utilitarian calculation and not pursued the policy that would get us the most organs. We have, in short, acknowledged the weight of the non-utilitarian considerations, of the concerns of propriety. Indeed, to legitimate the separation of organs from bodies, we have insisted on a principle which obscures or even, in a sense, denies the fact of ultimate separation. For in a *gift* of an organ—by its living "owner"—as with any gift, what is given is not merely the physical entity. Like any gift, a *donated* organ carries with it the donor's generous good will. It is accompanied, so to speak, by the generosity of soul of the donor. Symbolically, the "aliveness" of the organ requisite for successful transplant bespeaks also the expansive liveliness of the donor—even, or especially, after his death. Thus, organ removal, the partial alienation-of-self-from-body, turns out to be, in this curious way, a *reaffirmation* of the self's embodiment, thanks to the generous act of donation.

We are now ready to think about buying and selling, and questions regarding the body as property.

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II. Property

The most common objections to permitting the sale of body parts, especially from live donors, have to do with matters of equity, exploitation of the poor and the unemployed, and the dangers of abuse—not excluding theft and even murder to obtain valuable commodities. People deplore the degrading sale, a sale made in desperation, especially when the seller is selling something so precious as a part of his own body. Others deplore the rich man's purchase, and would group life-giving organs with other most basic goods that should not be available to the rich when the poor can't afford them (like allowing people to purchase substitutes for themselves in the military draft). Lloyd Cohen's proposal for a futures market in organs was precisely intended to avoid these evils: through it he addresses only increasing the supply without embracing a market for allocation—thus avoiding special privileges for the rich; and by buying early from the living but harvesting only from the dead he believes—I think mistakenly—that we escape the danger of exploiting the poor. (This and other half-market proposals seeking to protect the poor from exploitation would in fact cheat them out of what their organs would fetch, were the rich compelled to bid and buy in a truly open market.)

I certainly sympathize with these objections and concerns. As I read about the young healthy Indian men and women selling their kidneys to wealthy Saudis and Kuwaitis, I can only deplore the socioeconomic system that reduces people to such a level of desperation. And yet, at the same time, when I read the personal accounts of some who have sold, I am hard-pressed simply to condemn these individuals for electing apparently the only non-criminal way open to them to provide for a decent life for their families. As several commentators have noted, the sale of organs—like prostitution or surrogate motherhood or baby-selling—provides a double-bind for the poor. Proscription keeps them out of the economic mainstream, whereas permission threatens to accentuate their social alienation through the disapproval usually connected with trafficking in these matters.

Torn between sympathy and disgust, some observers would have it both ways: they would permit sale, but ban advertising and criminalize brokering (i.e., legalize prostitutes, prosecute pimps), presumably to eliminate coercive pressure from unscrupulous middlemen. But none of these analysts, it seems to me, has faced

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the question squarely. For if there were nothing fundamentally wrong with trading organs in the first place, why should it bother us that some people will make their living at it? The objection in the name of exploitation and inequity—however important for determining policy—seems to betray deeper objections, unacknowledged, to the thing itself—objections of the sort I dealt with in the discussion of propriety. For it is difficult to understand why someone who sees absolutely no difficulty at all with transplantation and donation should have such trouble sanctioning sale.

True, some things freely giveable ought not to be marketed because they cannot be sold: love and friendship are prime examples. So, too, are acts of generosity: it is one thing for me to offer in kindness to take the ugly duckling to the dance, it is quite another for her father to pay me to do so. But part of the reason love and generous deeds cannot be sold is that, strictly speaking, they cannot even be *given*—or, rather, they cannot be given *away*. One "gives" one's love to another or even one's body to one's beloved, one does not donate it; and when friendship is "given" it is still retained by its "owner." But the case with organs seems to be different: obviously material, they are freely alienable, they can be given and given away, and, therefore, they can be sold, and without diminishing the unquestioned good their transfer does for the recipient—why, then, should they not be for sale, of course, only by their proper "owner"? Why should not the owner-donor get something for his organs? We come at last to the question of the body as property.

Whose body?

Even outside of law and economics, there are perhaps some common-sense reasons for regarding the body as property. For one thing, there is the curious usage of the possessive pronoun to identify my body. Often I do indeed regard my body a tool (literally, an organ or instrument) of my soul or will. My organism is organized: for whose use?—why, for my own. My rake is mine, so is the arm with which I rake. The "my-ness" of my body also acknowledges the privacy and unsharability of my body. More importantly, it means also to assert possession against threats of unwelcome invasion, as in the song "My Body's Nobody's Body But Mine," which reaches for metaphysics in order to teach children to resist poten-

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tial molesters. My body may or may not be mine or God's, but as between you and me, it is clearly mine.

And yet, I wonder. What kind of *property* is my body? Is it mine or is it me? Can it—or much of it—be alienated, like my other property, like my car or even my dog? And on what basis do I claim property *rights* in my body? Is it really "my own"? Have I labored to produce it? Less than did my mother, and yet it is not hers. Do I claim it on merit? Doubtful: I had it even before I could be said to be deserving. Do I hold it as a gift—whether or not there be a giver? How does one possess and use a gift? Are there limits on my right to dispose of it as I wish—especially if I do not know the answer to these questions? Can one sell—or even give away—that which is not clearly one's own?

The word property comes originally from the Latin adjective *proprius* (the root also of "proper"—fit or apt or suitable—and, thus, also of "propriety"), *proprius* meaning "one's own, special, particular, peculiar." Property is both that which is one's own, and also the right—indeed, the exclusive right—to its possession, use, or disposal. And while there might seem to be nothing that is more "my own" than my own body, common sense finally rejects the view that my body is, strictly speaking, my property. For we do and should distinguish among that which is *me*, that which is *mine*, and that which is mine as *my property*. My body is me; my daughters are mine (and so are my opinions, deeds, and speeches); my car is my property. Only the last can clearly be alienated and sold at will.

Philosophical reflection, deepening common sense, would seem to support this view, yet not without introducing new perplexities. If we turn to John Locke, the great teacher on property, the right of property traces home in fact to the body:

> Though the earth and all creatures be common to all men, yet every man has a property in his own person; this nobody has a right to but himself. The labour of his body and the work of his hands we may say are properly his.

The right to the fruits of one's labor seems, for Locke, to follow from the property each man has in his own person. But unlike the rights in the fruits of his labor, the rights in one's person are for Locke surely inalienable (like one's inalienable right to liberty, which also cannot be transferred to another, say, by selling oneself into slavery). The property in my own person seems to function rather to limit intrusions and claims possibly made upon me by others; it functions to exclude me—and every other human being—

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from the commons available to all men for appropriation and use. Thus, though the right to property stems from the my-own-ness (rather than the in-commons-ness) of my body and its labor, the body itself cannot be, for Locke, property like any other. It is, like property, exclusively mine to use; but it is, unlike property, not mine to dispose of. (The philosophical and moral weakness in the very idea of property is now exposed to view: Property rights stem from the my-own-ness of my labor, which in turn is rooted in the my-own-ness of my body; but this turns out to be only relatively and politically my own.)

Yet here we are in trouble. The living body as a whole is surely not alienable, but parts of it definitely are. I may give blood, bone marrow, skin, a kidney, parts of my liver, and other organs without ceasing to be me, as the by-and-large self-same embodied being I am. It matters not to my totality or identity if the kidney I surrendered was taken because it was diseased or because I gave it for donation. And, coming forward to my cadaver, however much it may be me rather than you, however much it will be *my* mortal remains, it will not be me; my corpse and I will have gotten divorced, and, for that reason, I can contemplate donating from it without any personal diminution. How much and what parts of the bodily me are, finally, not indispensably me but merely mine? Do they thus become mine as my property? Why or why not?

The analysis of the notion of the body as property produces only confusion—one suspects because there is confusion in the heart of the idea of property itself, as well as deep mystery in the nature of personal identity. Most of the discussion would seem to support the common-sense and common-law teaching that *there is no property in a body*—not in my own body, not in my own corpse, and surely not in the corpse of my deceased ancestor. (Regarding the latter, the common-law courts had granted to next of kin a quasi-property right in the dead body, purely a custodial right for the limited purpose of burial, a right which also obliged the family to protect the person's right to a decent burial against creditors and other claimants. It was this wise teaching that was set aside by the Uniform Anatomical Gift Act.) Yet if my body is not my property, if I have no property right in my body—and here, philosophically and morally, the matter is surely dubious at best—by what *right* do I give parts of it away? And, if it be by right of property, how can one then object—in principle—to sale?

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Liberty and its limits

Let us try a related but somewhat different angle. Connected to the notion of private property is the notion of free contract, the permission to transfer our entitlements at will to other private owners. Let us shift our attention from the vexed question of ownership to the principle of freedom. It was, you will recall, something like the principle of freedom—voluntary and freely given donation—that was used to justify the gift of organs, overcoming the presumption against mutilation. In contrast to certain European countries, where the dead body now becomes the property of the state, under principles of escheatage or condemnation, we have chosen to stay with individual rights. But why have we done so? Is it because we want to have the social benefits of organ transplantation without compromising respectful burial, and believe that leaving matters to individual choice is the best way to obtain these benefits? Or is the crucial fact our liberal (or even libertarian) belief in the goodness of autonomy and individual choice *per se*? Put another way, is it the dire need for organs that justifies opening a freedom of contract to dispose of organs, as the best—or least bad—instrument for doing so? Or is the freedom of contract paramount, and we see here a way to take social advantage of the right people have to use their bodies however they wish? The difference seems to me crucial. For the principle of autonomy, separated from specific need, would liberate us for all sorts of subsequent uses of the human body, especially should they become profitable.

Our society has perceived a social need for organs. We have chosen to meet that need not by direct social decision and appropriation, but, indirectly, through permitting and encouraging voluntary giving. It is, as I have argued, generosity—that is, more the "giving" than the "voluntariness"—that provides the moral ground; yet being liberals and not totalitarians, we put the legal weight on freedom—and hope people will use it generously. As a result, it looks as if, to facilitate and to justify the practice of organ donation, we have enshrined something like the notions of property rights and free contract in the body, notions that usually include the possibility of buying and selling. This is slippery business. Once the principle of private right and autonomy is taken as the standard, it will prove difficult—if not impossible—to hold the line between donation and sale. (It will even prove impossible, philo-

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sophically, to argue against voluntary servitude, bestiality, and other abominations.) Moreover, the burden of proof will fall squarely on those who want to set limits on what people may freely do with their bodies or for what purposes they may buy and sell body parts. It will, in short, be hard to prevent buying and selling human flesh not only for transplantation, but for, say, use in luxury nouvelle cuisine, once we allow markets for transplantation on libertarian grounds. We see here, in the prism of this case, the limits and, hence, the ultimate insufficiency of rights and the liberal principle.

Astute students of liberalism have long observed that our system of ordered liberties presupposes a certain kind of society—of at least minimal decency, and with strong enough familial and religious institutions to cultivate the sorts of men and women who can live civilly and responsibly with one another, while enjoying their private rights. We wonder whether freedom of contract regarding the body, leading to its being bought and sold, will continue to make corrosive inroads upon the kind of people we want to be and need to be if the uses of our freedom are not to lead to our willing dehumanization. We have, over the years, moved the care for life and death from the churches to the hospitals, and the disposition of mortal remains from the clergy to the family and now to the individual himself—and perhaps, in the markets of the future, to the insurance companies or the state or to enterprising brokers who will give new meaning to insider trading. No matter how many lives are saved, is this good for how we are to live?

Let us put aside questions about property and free contract, and think only about buying and selling. Never mind our rights, what would it mean to fully commercialize the human body even, say, under state monopoly? What, regardless of political system, is the moral and philosophical difference between giving an organ and selling it, or between receiving it as a gift and buying it?

Commodification

The idea of commodification of human flesh repels us, quite properly I would say, because we sense that the human body especially belongs in that category of things that defy or resist commensuration—like love or friendship or life itself. To claim that these things are "priceless" is not to insist that they are of infinite worth or that one cannot calculate (albeit very roughly, and then only with aid of very crude simplifying assumptions) how much it

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costs to sustain or support them. Rather it is to claim that the bulk of their meaning and their human worth do not lend themselves to quantitative measures; for this reason, we hold them to be incommensurable, not only morally but factually.

Against this view, it can surely be argued that the entire system of market exchange rests on our arbitrary but successful attempts to commensurate the (factually) incommensurable. The genius of money is precisely that it solves by convention the problem of natural incommensurability, say between oranges and widgets, or between manual labor and the thinking time of economists. The possibility of civilization altogether rests on this conventional means of exchange, as the ancient Greeks noted by deriving the name for money, *nomisma*, from the root *nomos*, meaning "convention"—that which has been settled by human agreement—and showing how this fundamental convention made possible commerce, leisure, and the establishment of gentler views of justice.

Yet the purpose of instituting such a conventional measure was to facilitate the satisfaction of *natural* human needs and the desires for well-being and, eventually, to encourage the full flowering of human possibility. Some notion of need or perceived human good provided always the latent non-conventional standard behind the nomismatic convention—tacitly, to be sure. And there's the rub: In due course, the standard behind money, being hidden, eventually becomes forgotten, and the counters of worth become taken for worth itself.

Truth to tell, commodification by conventional commensuration always risks the homogenization of worth, and even the homogenization of things, all under the aspect of quantity. In many transactions, we do not mind or suffer or even notice. Yet the human soul finally rebels against the principle, whenever it strikes closest to home. Consider, for example, why there is such widespread dislike of the pawnbroker. It is not only that he profits from our misfortunes and sees the shame of our having to part with heirlooms and other items said (inadequately) to have "sentimental value." It is especially because he will not and cannot appreciate their human and personal worth and pays us only their market price. How much more will we object to those who would commodify our very being?

We surpass all defensible limits of such conventional commodification when we contemplate making the convention-maker—the

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human being—just another one of the commensurables. The end comes to be treated as mere means. Selling our bodies, we come perilously close to selling out our souls. There is even a danger in contemplating such a prospect—for if we come to think about ourselves like pork bellies, pork bellies we will become.

We have, with some reluctance, overcome our repugnance at the exploitative manipulation of one human body to serve the life and health of another. We have managed to justify our present arrangements not only on grounds of utility or freedom but also and especially on the basis of generosity, in which the generous deed of the giver is inseparable from the organ given. To allow the commodification of these exchanges is to forget altogether the impropriety overcome in allowing donation and transplantation in the first place. And it is to turn generosity into trade, gratitude into compensation. It is to treat the most delicate of human affairs as if everything is reducible to its price.

There is a euphemism making the rounds in these discussions that makes my point. Eager to encourage more donation, but loath to condone or to speak about buying and selling organs, some have called for the practice of "rewarded gifting"—in which the donor is rewarded for his generosity, not paid for his organ. Some will smile at what looks like double-talk or hypocrisy, but even if it is hypocrisy, it is thereby a tribute paid to virtue. Rewards are given for good deeds, whereas fees are charged for services, and prices are paid merely for goods. If we must continue to practice organ transplantation, let us do so on good behavior.

Anticipating the problem we now face, Paul Ramsey twenty years ago proposed that we copy for organ donation a practice sometimes used in obtaining blood: those who freely give can, when in need, freely receive. "Families that shared in premortem giving of organs could share in freely receiving if one of them needs transplant therapy. This would be—if workable—a civilizing exchange of benefit that is not the same as commerce in organs." Ramsey saw in this possibility of organized generosity a way to promote civilized community and to make virtue grow out of dire necessity. These, too, are precious "commodities," and provide an additional reason for believing that the human body and the extraordinary generosity in the gift of its parts are altogether too precious to be commodified.

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III. The price of progress

The arguments I have offered are not easy to make. I am all too well aware that they can be countered, that their appeal is largely to certain hard-to-articulate intuitions and sensibilities that I at least believe belong intimately to the human experience of our own humanity. Precious though they might be, they do not exhaust the human picture, far from it. And perhaps, in the present case, they should give way to rational calculation, market mechanisms, and even naked commodification of human flesh—all in the service of saving life at lowest cost (though, parenthetically, it would be worth a whole separate discussion to consider whether, in the longer view, there are not cheaper, more effective, and less indecent means to save lives, say, through preventive measures that forestall end-stage renal disease now requiring transplantation: the definitions of both need and efficiency are highly contingent, and we should beware of allowing them to be defined for us by those technologists—like transplant surgeons—wedded to present practice). Perhaps this is not the right place to draw a line or to make a stand.

Consider, then, a slightly more progressive and enterprising proposal, one anticipated by my colleague, Willard Gaylin, in an essay, "Harvesting the Dead," written in 1974. Mindful of all the possible uses of newly dead—or perhaps not-quite-dead—bodies, kept in their borderline condition by continuous artificial respiration and assisted circulation, intact, warm, pink, recognizably you or me, but brain dead, Gaylin imagines the multiple medically beneficial uses to which the bioemporium of such "neomorts" could be put: the neomorts could, for example, allow physicians-in-training to practice pelvic examinations and tracheal intubations without shame or fear of doing damage; they could serve as unharmable subjects for medical experimentation and drug testing, provide indefinite supplies of blood, marrow, and skin, serve as factories to manufacture hormones and antibodies, or, eventually, be dismembered for transplantable spare parts. Since the newly dead body really is such a precious resource, why not really put it to full and limitless use?

Gaylin's scenario is not so far-fetched. Proposals to undertake precisely such body-farming have been seriously discussed among medical scientists in private. The technology for maintaining neomorts is already available. Indeed, in the past few years, a pub-

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licly traded corporation has opened a national chain of large, specialized nursing homes—or should we rather call them nurseries?—for the care and feeding solely of persons in persistent vegetative state or ventilator-dependent irreversible coma. Roughly ten establishments, each housing several hundred of such beings, already exist. All that would be required to turn them into Gaylin's bioemporia would be a slight revision in the definition of death (already proposed for other reasons)—to shift from death of the whole brain to death of the cortex and the higher centers—plus the will not to let these valuable resources go to waste. (The company's stock, by the way, has more than quadrupled in the last year alone; perhaps someone is already preparing plans for mergers and manufacture.) Repulsive? You bet. Useful? Without doubt. Shall we go forward into this brave new world?

Forward we are going, without anyone even asking the question. In the twenty-five years since I began thinking about these matters, our society has overcome longstanding taboos and repugnances to accept test-tube fertilization, commercial sperm-banking, surrogate motherhood, abortion on demand, exploitation of fetal tissue, patenting of living human tissue, gender-change surgery, liposuction and body shops, the widespread shuttling of human parts, assisted-suicide practiced by doctors, and the deliberate generation of human beings to serve as transplant donors—not to speak about massive changes in the culture regarding shame, privacy, and exposure. Perhaps more worrisome than the changes themselves is the coarsening of sensibilities and attitudes, and the irreversible effects on our imaginations and the way we come to conceive of ourselves. For there is a sad irony in our biomedical project, accurately anticipated in Aldous Huxley's *Brave New World*: We expend enormous energy and vast sums of money to preserve and prolong bodily life, but in the process our embodied life is stripped of its gravity and much of its dignity. This is, in a word, progress as tragedy.

In the transplanting of human organs, we have made a start on a road that leads imperceptibly but surely toward a destination that none of us wants to reach. A divination of this fact produced reluctance at the start. Yet the first step, overcoming reluctance, was defensible on benevolent and rational grounds: save life using organs no longer useful to their owners and otherwise lost to worms.

Now, embarked on the journey, we cannot go back. Yet we are increasingly troubled by the growing awareness that there is

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neither a natural nor a rational place to stop. Precedent justifies extension, so does rational calculation: We are in a warm bath that warms up so imperceptibly that we don't know when to scream.

And this is perhaps the most interesting and the most tragic element of my dilemma—and it is not my dilemma alone. I don't want to encourage; yet I cannot simply condemn. I refuse to approve; yet I cannot moralize. How, in this matter of organs for sale, as in so much of modern life, is one to conduct one's thoughts if one wishes neither to be a crank nor to yield what is best in human life to rational analysis and the triumph of technique? Is poor reason impotent to do anything more than to recognize and state this tragic dilemma?

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Savings-and-investment and other myths

PETER L. BERNSTEIN

WHY ARE grim-faced CEOs of American automobile companies, discouraged by the collapse of their home markets, seeking less thrifty customers in, of all places, Japan? What explains the proliferation of "For Rent" signs in the storefronts of our cities and towns—gruesome documentation of the leap in retailing bankruptcies from 12,500 in 1990 to 17,000 last year? Why was the Christmas shopping season a disaster, why are newspapers and magazines getting skinnier as advertising vanishes, and why are banks finally cutting the interest rate they charge on installment credit?

All these questions have a single answer. The American people are finally doing what the experts—foreign as well as domestic—have been exhorting them to do for many years: they are trying hard to mend their spendthrift ways and save money. Eager to shake the monster of debt off their backs, households have cut their borrowing to only 4.0 percent of disposable income, down from an average of 8.6 percent during the years 1983 to 1989. Spending on consumer goods in real terms, after adjustment for changes in the price level, has grown at an annual rate of only 0.5

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percent over the past twenty-four months, a drastic slowdown from the 2.5 percent annual rate from 1979 to 1989.

Yet the dour process has been quite without success. Despite the ravages that frugal consumers are wreaking on the world of business, the actual flow of personal saving is still only 4 percent of personal income, up a little from the 3 percent of 1990 but otherwise as low as or lower than at any point in the postwar era, when this ratio averaged comfortably above 6 percent.

This sorry tale points to an important moral: Too much of the discussion about the U.S. savings-and-investment problem is hogwash, even when it emanates from reputable economists. Conventional views fail to stand up to the facts or even to the logic of economic theory. The vivid, clear-cut experiment in economics now taking place in this country makes an ideal case study for proving this point.

I shall construct this case by offering answers to the following questions. What does the measured volume of savings tell us about the propensity to save? How do interest rates respond to changes in the national savings rate? Is the U.S. doomed to low savings rates for the foreseeable future?

Is what you see what you get?

Recent experience highlights a basic proposition that receives too little attention. For the economy as a whole, the propensity to save—the desire to provide for the future out of current income—will seldom match the actual amount saved. We know that some people today are struggling to restore their financial position, and some are succeeding. But the process often defeats its own ends, as belt-tightening customers cause declining sales, lost jobs, and fewer hours worked. Those members of society whose livelihood depends on sales, production, and distribution find themselves with less income than they expected and more difficulty in maintaining their solvency. These luckless individuals, taken by surprise, end up with unwelcome borrowings or painful drafts on past savings: they become accidental dissavers.

The sorry pattern of measured personal savings in the U.S. is therefore only a hint of the state of mind of the American household.[†] The desire to save may be much stronger than the actual

[†]The measurement process itself is wide open to debate and its problems are well documented. Two persuasive and authoritative articles on this matter appeared in

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achievement. It is also likely to be stronger than suggested by the loose accusation that consumers took off on a headlong spending spree in the 1980s.

The rate of growth in per capita consumption did not speed up during the 1980s; it was identical to the growth rate of the preceding two decades. The savings rate collapsed because real per capita income growth after taxes was a pitiful 1.9 percent a year, down sharply from the growth rate of 2.6 percent from 1959 to 1979.

The repercussions were painful indeed. At a given income level, the savings rate has remained stable. But the number of dissavers has exploded, pulling down the measured rate of savings for households in the aggregate. These facts indicate that the decline in personal savings was a result of *force majeur*—traumatic circumstances beyond the control of individual Americans—rather than the outcome of an excessive zeal to spend money.

The importance of business savings

Almost all the concern about the parlous state of American savings focuses on household savings, but households account for only one-quarter of total savings in the private sector. The balance is set aside by business firms. Businesses not only save three times as much as individuals; the two flows tend to have opposite economic consequences. Household efforts to save mean less consumption, and the loss of sales discourages business expenditures on plant and equipment. Increases in business savings have the opposite effect, for business investment follows the path of business cash flow with noteworthy fidelity.

Personal saving as a percent of total Gross Domestic Product (GDP) has inched upward from 3 percent to 4 percent over the past three years but business saving has fallen from 13.2 percent of GDP in 1988 to only 11.7 percent during 1990-1991. Over the past eight years, the business savings rate has fallen by just about as much as the personal rate has fallen. If one of the goals of public policy is to generate a high level of business investment, the news from the business side of the savings equation is a lot more serious than the news from the personal side.

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the November/December issue of the Boston Fed's *New England Economic Review*, suggesting that the apparent decline in the personal savings rate is significantly overstated.

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The close link between what business managers are able to set aside and what they decide to spend on new investment means that the proper thrust of public policy should be toward improving corporate profitability rather than inducing consumers to spend less. The former would lead with high probability to more business investment, while the latter would lead with equally high probability to less.

Conventional wisdom claims that a high national savings rate is essential for a high rate of investment. Many authorities argue that savings must come first before investment is possible. The implication is that saving is some kind of an independent variable, subject to variation at the will of the policymakers or in response to the siren call of the makers of our morals.

This view ignores the more realistic notion that spending is the only factor that is under the direct management of a family, a business firm, or a government, while income is determined by larger forces exogenous to the spending unit. As saving is the difference between income and outgo, and as only outgo is under a spending unit's control, saving is not something that we can manipulate like a lever, up and down, as the spirit moves us.

Yet the mainstream analysis continues to insist that encouraging people to save will not have unfortunate repercussions, because the act of saving releases resources from consumption that will then be used to make new factories, machines, buildings, and exports. This salubrious process will take place as an increased flow of savings into the capital markets lowers real interest rates and encourages investment. The big danger in too little national saving, it is argued, is that interest rates will be so high that investment is stifled. This line of analysis is the primary justification for reducing the federal budget deficit.

It all sounds logical enough, but even if we accept this case for the sake of argument, the mainstream still has to come to grips with the facts of the matter. The facts fail to conform with the logic at many crucial moments, even though they fit neatly enough in others.

Real interest rates over time

The critical variable here is real interest rates—the difference between quoted interest rates and the rate of inflation. If you were to follow the path of real interest rates over the past thirty-five

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years or so, you would find two distinct eras. From 1954 until the end of 1979, the real rate of interest on long-term obligations of the U.S. Treasury wobbled between zero and about 3 percent, averaging 1.2 percent. Quoted rates exceeded inflation by 3 percent in only four calendar quarters during the early 1960s, while inflation briefly outstripped quoted interest rates when the first oil shock hit in 1973-1975; on no occasion did the real rate even approach 4 percent.

In the era since the end of 1979, the real rate has averaged 5.6 percent and has not fallen below 4 percent since late 1981. The conventional case would appear to be proven at this point. The era of mammoth government deficits and pitiful private savings rates coincided with high real rates of interest unknown since the deflation of the 1930s.

A more careful look reveals all kinds of discrepancies in what appeared so obvious at first glance. If we measure the savings imbalance by subtracting business investment from total national savings—personal saving plus business saving less the government deficit—we should expect the real interest rate to be low when national savings exceeds business investment and high when national savings falls short of business investment.

This model works some of the time. But at other times it goes right into reverse or simply falls apart. These inconsistencies appear often enough and are large enough to raise serious questions about the reliability of the conventional model as an explanation for fluctuations in real interest rates.

During the 1960s, considered by many the halcyon years of the postwar American economy, the relationship was irregular, but real interest rates tended to be higher when the savings surplus was large rather than when it was small. This counterintuitive behavior was in sharp contrast to the opposite pattern in the 1950s and 1970s, when the facts largely complied with the theory.

But the fit during the 1980s was hit-or-miss, even though real interest rates were much higher on average than they had been earlier. Domestic savings and investment were in rough balance from the beginning of 1980 to the end of 1982, yet real interest rates skyrocketed from 2 percent to 7 percent over those two years. They peaked out at close to 10 percent in mid-1984 and then began an extended decline, even though mid-1984 was the very moment that people first contemplated the intractable character of the

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budget deficit in the face of continuing improvement in business conditions. While real interest rates cascaded downward from 10 percent to 4 percent between 1984 and the end of 1986, the distressing shortfall between savings and investment expanded from 2 percent of GDP in 1984 to 4 percent in 1986. Now the most recent data show savings and investment once again in approximate balance, but real interest rates have nevertheless stayed at around 4 percent.

It is clear that real interest rates respond to many influences other than the savings/investment nexus. It is also possible that real interest rates work both sides of the street—they may influence the swings in savings and investment just as much as the savings and investment flows influence them.

This possibility makes some sense in light of the experience of the 1980s. As real interest rates shot into the stratosphere after 1979, foreigners poured capital into the U.S. to take advantage of these historically high rates of return. In the process, the demand for dollars rose so rapidly that the price of dollars in foreign currencies also went through the roof. At the end of 1979, a German could obtain one dollar by paying 1.73 marks for it; by the end of 1983, the price of the dollar had risen to 2.75 marks. A British citizen paid 45 pence for a dollar in 1979 and 70 pence four years later, while a Frenchman saw the price of dollars go from 4.06 francs to 8.38 francs.

The impact of this process on domestic business activity was dramatic. The arithmetic worked out so that foreign goods and services appeared irresistibly cheap to Americans while American goods and services appeared repellently expensive to foreigners. One enterprising reporter found that he could fly to Britain, stock up on sweaters, and spend a few nights in a swanky London hotel for the same amount of money that those sweaters alone would have cost in New York.

Looked at from this standpoint, the sequence of cause-and-effect is the opposite of what the mainstream case would like us to believe. It was not a shortage of savings that drove real interest rates into the stratosphere. It was stratospheric real interest rates that restrained domestic economic activity, squeezed profits and labor income, and hobbled the ability of both households and business firms to spend less than they earned. The government's tax revenues followed suit, widening the gap between income and

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spending that defined the budget deficit. Reality seems to have turned conventional wisdom on its head.

Policy implications

The analysis set forth here is surely debatable and admittedly oversimplified on some scores. Yet it still leads to the conclusion that most of the policy options under discussion in Washington and elsewhere depend on questionable theory and dubious statistical manipulations. Policy options based on spending cuts are likely to be counterproductive: tax incentives for household-savings plans or tax penalties on consumer spending will suppress business profitability and investment, while an obsession with the federal deficit can have similar results.

The super-econometric model of the U.S. economy maintained at the Federal Reserve Bank of St. Louis, whose philosophical underpinnings are about as anti-Keynesian as you can get, estimates that half of any increase in taxes or cuts in spending would be offset by a subsequent decline in private saving. Similar econometric estimates for most Western European countries and Japan lead to comparable conclusions.

Many economists maintain that the depressing consequences of enacting incentives for a higher savings rate can be offset by aggressive action by the Federal Reserve to lower interest rates. Yet no one has a reliable model to prove that this approach will work at a time when business spirits are depressed by weak consumer demands. We still have no assurance that the Federal Reserve authorities were not just pushing on a string when they cut the discount rate from 4.5 percent to 3.5 percent in late 1991. Lower interest rates help—but do they help enough?

Too little bang for the buck is not the only problem. Forceful action by the monetary authorities to lower short-term interest rates, which are the only rates they can influence directly, often produce the counterproductive consequence of driving long-term interest rates higher as the aggressive monetary policy activates inflationary anxieties among lenders. What the Fed giveth with one hand, the market may taketh away with the other.

We should pay more heed to some of the severest critics of the capitalist system, who had a better handle on our problems than the experts who tell us that overstuffed piggy banks are the panacea we should seek. Karl Marx and John Maynard Keynes

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both recognized profits, not thrift, as the core source of power in our system. Profits ignite the spirit of enterprise that makes business managers take on the risks of investment, and investment is the outside force that independently raises incomes and makes saving possible.

Paul McCracken, chairman of the Council of Economic Advisers during President Nixon's first term, put it well in a recent *Wall Street Journal* article when he wrote:

> A high-investment economy does mean a higher-saving economy. The way to get there, however, is to encourage investment. If we get the added investment, the needed additional saving will come along. Additional incentives to save are incentives to not spend, and the resulting sluggish economy might simply discourage investment.

Although it is obvious that we cannot invest if we consume everything that we produce, we will have a hard time putting something aside for the future if our incomes languish at low levels, forcing us to strain to make ends meet. The focus of policy must be on growth.

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SPRING BOOKS

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Edward Banfield, American Skeptic

JAMES Q. WILSON

***Edward C. Banfield*: Here the People Rule: Selected Essays (2nd ed.).** *AEI Press. 405 pp. $24.95.*

IT IS RARE for one man's unorthodox opinions to become the conventional wisdom within that man's lifetime, but something close to that has happened to Edward Banfield, emeritus professor of government at Harvard University. Banfield himself would probably deny this, pointing instead to the amount of foolishness that still passes for public policy. And those who have changed their minds, however modestly, about those policies would probably deny that Banfield had anything to with it, not wishing to be charged with having learned anything from a self-confessed conservative.

But consider: Not too many years ago, most if not all right-thinking people believed that American foreign aid would produce prosperity, democracy, and grateful allies among the backward nations of the world, especially if that aid were linked to strong central planning in those countries; most if not all believed that there was an urban crisis owing to defects in the physical structure and political fragmentation of our large cities; most if not all thought that urban crime was wholly the result of the lack of opportunities open to the poor; most if not all believed that the key to solving urban problems was to coordinate local efforts and target federal funds on cities with the worst of those problems; and most if not all rejected out of hand any notion that some government functions could better be performed by private firms.

I confess that we have yet to witness any wholesale conversion regarding all of these doctrines, but we have seen more and more leaders embrace different views and engage one another in serious debate about things that once were unchallenged articles of faith. Most people now realize that economic development and the emergence of democracy abroad are a bit of a mystery, best explained—if they can be explained at all—by reference to

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national culture and political history rather than to central planning and blank checks. Most people still feel that urban life leaves a lot to be desired, but not many still think that the central difficulty is physical or political as opposed to economic and cultural. Leaders are divided over whether jobs, jail terms, or anything at all will curtail urban crime, but at least divisions now exist where once only a bland but well-intentioned commitment to "creating opportunities" held sway. People within both political parties now speak seriously about privatizing prisons, public-housing projects, and even schools, thereby taking positions that, but a decade or so ago, would have branded them as reactionaries and signaled the end of their political careers. (Hardly any, alas, talk about Banfield's best example—public libraries, or at least most of the services actually performed by libraries.) When Banfield said that it might not be a good idea for the government to subsidize art, the few people who took notice laughed. After Robert Mapplethorpe, nobody is laughing.

WHAT EDWARD BANFIELD has done in books and essays spanning nearly half a century has been to challenge the central tenet of Progressive thought in America, namely, that society could and should be rationalized (and for some, moralized) by government action.

Progressives were not socialists and many were not liberals, but all agreed that one could do good by plan and that American government should be the means whereby that plan was designed and carried out. If, as soon appeared to be the case, the machinery of government did not lend itself to planning, changes should be made—none, of course, at the expense of democracy—to fix that machinery. The fundamental ills of our society—crime, poverty, congestion, urban blight, the business cycle—could be remedied by purposeful action; to the extent other countries had such problems, our solutions could be exported to them. If political bosses stood in the way of these efforts, the bosses should be destroyed, even if it meant destroying the parties along with them. If fragmented governmental units impeded change, the fragmentation should be overcome by creating new entities that would coordinate or direct the agencies that unwise lawmakers had so carelessly called into being. Since purposeful action requires arcane knowledge, scholars should be recruited and organized to supply it. (Most of the major professional associations of social scientists were created during the Progressive era and by Progressive scholars.)

In a writing style of such clarity and concision as to make the reader forget that he is in the presence of a powerful mind,

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Banfield has attacked each and every element of the Progressive impulse. Men, writes Banfield, are creatures of passion more than reason; while they may understand their own interests, they are unlikely to take a detached view of the interests of other people. Government is a risky and dangerous contrivance, necessary to make possible those actions essential to the common good but nonetheless a prod to ambition, a source of privilege, and a threat to liberty. On the rare occasions when people manage to create a government that maintains a decent respect for their liberties, it is a happy accident, one that should be cherished without indulging in the foolish conceit that what fortune has created design can much improve upon. Those who cherish it best are those who understand its fundamental features. In the United States, the government's central feature is the fragmentation of formal authority, making conflict inevitable, concerted action difficult, and the rule of reason unlikely.

But even were authority centralized, man rarely has the wisdom to achieve by plan complex changes in human affairs; the law of unintended consequences is so pervasive that a "reformer who wants to be effective must reconcile himself to recycling old compromises." Men can increase their knowledge of human affairs, but two problems confront anyone wishing to convert that knowledge into power. First, there is a great difference between knowledge (that is, an understanding of certain general regularities in the observed world) and wisdom (that is, a gift for conceiving possibilities, estimating probabilities, choosing ends, understanding motives, and reconciling preferences). Second, when we do understand correctly and in some detail how the world works, we probably also understand why it cannot be made to work any differently. Banfield quotes the remark of his old teacher, Frank H. Knight, that "scientific explanations of what is demonstrate that it is inevitable under the given conditions."

A critic might rejoin that the United States is the living embodiment of what can be accomplished by thoughtful deliberation and concerted action. In this view, our Constitution is testimony to the possibilities of planned change that almost everyone will applaud. Banfield, who greatly admires that Constitution and the regime it created, is at pains to show that the Founding was an accident that almost did not happen and certainly could not have happened at any other time or under any other circumstances. At Philadelphia, no individual's plan—least of all that of James Madison, revered as the father of the Constitution—determined the outcome. Some of the most important decisions, such as the one giving equal representation to the states in the Senate, barely passed and could have

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gone the other way had some absent delegates been present on the day the vote was taken.

THE PARTY SYSTEM that grew up out of the pulling and hauling among men ambitious for power was for well over a century hardly a system at all; it was a loose confederation of state and local parties that periodically arranged for the nomination of presidential candidates but the rest of the time contented itself with the struggle for office and privilege in city halls and county courthouses. Hardly anything can be said for this system save that it worked rather well. It tolerated and even encouraged economic growth and private initiative; it moderated conflict and built coalitions among groups not naturally disposed to like one another; it adapted to new circumstances without attempting to maintain principle in the face of an inconvenient reality; and it never produced either mob rule or centralized tyranny.

Needless to say, generations of reformers have sought to destroy that system either because it was not conducive to centralized rule on the basis of abstract principle or because it did not permit party leaders to be chosen democratically by "the people" (by which was meant, not people generally, but highly motivated partisan activists who wanted to replace interests with principles as the basis of party decisions). Both groups more or less succeeded; parties are much weaker today than once was the case and the fragments that remain have, in many cases, become the province of activists busily applying litmus tests ("abortion rights," "no new taxes," "disarmament," "crime in the streets") to would-be candidates.

Today many people realize that party "reform" has not been a reform—that is, a change for the better—at all. Banfield's prophetic warning on this subject, however, was published in 1961, a decade before the Democratic party rewrote its rules in order to become more "democratic" and two decades before the Republican party fell under the sway of conservative purists. But many of the same people who lament the destruction of a party system—a system that whatever (and often because of) its imperfections allowed Republican Dwight Eisenhower to negotiate policies with Democratic Speaker Sam Rayburn and Democratic Majority Leader Lyndon Johnson—persist in looking for new ways to rationalize government.

The impulse is not ideological; liberals and conservatives alike want the government to govern, by which they mean to formulate a course of action, adopt it, and let the people judge the results. For every James MacGregor Burns who wants a strong, liberal president who will lead Congress, there is an editorial writer at the *Wall*

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Street Journal who will rail against pork-barrel legislation and local favoritism in law making. For every citizen who wants the government to act decisively to help the homeless or provide a national health system, there is another who wants it to act decisively to stop crime or eliminate the deficit. Both search for techniques—gimmicks, actually—by which to produce leadership, end localism, and empty the pork barrel. But there is no such technique, for, if Banfield is correct, and I believe he is, the features of our system to which so many people object are fundamental to its very nature and could not be altered without a radical change in our constitutional system, one that would require a new Philadelphia Convention. And unlike the last one that had fifty-five delegates, met in secret, and kept no official record, the next one would surely have several hundred, meet in a fish bowl, and speak to a gallery packed with lobbyists, pundits, and television cameras.

SHORT OF SUCH a radical change, aren't there at least better ways to think about, implement, and evaluate policies? Perhaps, though Banfield is not very encouraging. Anyone who ever is given the task of implementing a government policy, especially one that requires heavy doses of coordination, should be required to read his essay (Chapter 6) on the Model Cities program. Anyone who is ever appointed to a presidential commission charged with evaluating a program should be required to read the essay (Chapter 7) in which he describes his service as chairman of one such task force. Anyone who thinks that there is such a thing as a simple program with obvious benefits should read Banfield's assessment of revenue sharing (Chapter 8). And anyone getting ready to enroll or teach in a graduate school of public policy should be required to study carefully his Chapter 9 in which, paraphrasing Edmund Burke, he describes university-based policy analysis as "metaphysical madness." The madness is the belief that scientific analysis can penetrate or even shed much light on the core problems of human existence. It is a belief that can easily be assessed by asking a policy analyst to compile a list of tested theories and sound generalizations that tell us something about public-policy choices that is true, important, and not obvious. After thousands of studies, articles, and dissertations, the list, if honestly compiled, would be very short.

Today, the most important technique of policy analysis is economics. Though Banfield believes that economists tell us something about economics, he doubts they can tell us much about politics or indeed about any human activity involving changeable pref-

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erences that lack any common measuring rod (such as money) and that take into account the preferences of others ("interdependent utilities," in economic jargon), the obligations of morality, and a perception of the common good.

That so little can be said in general about how to govern wisely does not mean that nothing can be said in particular about how governance actually occurs. It is a pity that none of the chapters in this collection contains any part of Banfield's many books, for there one sees Banfield the social scientist at work, explaining the limits of human cooperation (*Government Project*), the making of political decisions (*Politics, Planning, and the Public Interest* and *Political Influence*), some reasons for economic stagnation (*The Moral Basis of a Backward Society*), and the causes of urban problems (*The Unheavenly City*). In the essays collected here, he sets out the limits of science and of human reason more generally, especially as those limits need to be understood if we are prudently to serve the ultimate political goal, which is to "afford every person a real opportunity to live a life that is fully human."

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In Praise of the Eighties

FRED BARNES

***Robert L. Bartley*: The Seven Fat Years.** *The Free Press. 256 pp. $22.95.*

AN AMAZING phenomenon, predicted by no one, occurred in America in the late 1980s and early 1990s. The world was experiencing what Charles Krauthammer calls the greatest democratic awakening in human history, a rush to democracy inspired by America. That, in turn, was accompanied by the collapse of communism, the dismantling of the Soviet empire, and the resurgence of capitalism, each the result of decades of American effort. At home there was a communications revolution and an entrepreneur-led economic boom that produced the most sustained period of peacetime prosperity in American history. These were extraordinary developments but hardly inexplicable. The amazing thing was what followed. America went neurotic, growing gloomy and pessimistic, fearful of the future, embarrassed by the recent past. Hard to figure.

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It wasn't just the political left that decided the 1980s had been an era of excess and failure and that America had slipped into decline. I watched first-hand as a colleague, conservative commentator Patrick Buchanan, turned sour. He read *Barbarians at the Gate*, the story of the RJR Nabisco takeover, and started talking about "vulture capitalists." He lost faith in American industry's ability to compete in a globalized economy and abandoned free trade. This year, as a Republican presidential candidate, he called America "one of the least attractive places in the world to invest and save." He fantasized that the country was caught in "the longest recession under George Bush since World War II." And he said New Hampshire was "deeply rooted in a depression." In truth, the state's jobless rate matched the national average (7 percent-plus). But in his sunless mood, Buchanan put the worst face on it.

Robert Bartley, editor of the *Wall Street Journal,* identifies this phenomenon as "the paradox of the Eighties." All the good news made Americans—bicoastal elites anyway—feel bad. They writhed in the agony of victory. Worse, Bartley says, the notion that something went terribly wrong in the 1980s has proved "surprisingly resilient." So much so that he wrote *The Seven Fat Years* (subtitled *And How to Do It Again*) as an antidote, not only to make the case for glee but to plot a revival of 1980s prosperity in the 1990s.

Bartley has a vested interest in the 1980s. He took over the editorial page of the *Journal* in 1972 and his first hire was Jude Wanniski. Together they transformed the page into the most influential in American journalism and the launching pad for supply-side economics. Without their noisy promotion, supply-side would have been stillborn. Instead, Bartley's recipe—tax cuts as incentives on the fiscal side, hard money on the monetary side—became the policy of the Reagan administration. Bartley was for Reaganomics before Reagan was.

DID IT WORK? Bartley's numbers say yes. During the seven fat years, 1983-1990, the economy grew by one-third. "At the beginning of the period, the German economy was about a third of America's; in its years of 'excess' the American economic machine had in effect built a whole new West Germany," he writes. The rate of growth (3.8 percent) was higher than during the boom years from World War II to 1973 (3.6 percent). Real disposable income? By 1990 it was 18 percent higher than in 1982. Productivity jumped 10.6 percent. Charitable giving during the "decade of greed"? That rose 5.1 percent, compared to a rate of 3.5 percent for the prior twenty-five years. And so on.

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The numbers are irrefutable. That's not the problem. Declinists acknowledge the numbers, but point to other rival figures that show a falling standard of living, swollen budget and trade deficits, lack of "fairness" in income distribution, shrunken credit markets, and wildly excessive debt. These, they argue, are more significant. Bartley says no and takes on the declinists' claims one by one, demolishing most of them.

Take the idea that America is rapidly dropping behind other countries in standard of living. This appears true when comparisons are made using contemporary exchange rates for the dollar. In a 1988 comparison, Bartley says, "the United States ranked only ninth in the world in gross domestic product per capita—behind Switzerland, Japan and the Scandinavian countries." Sounds bad.

There is a flaw in these calculations, however. Exchange rates since 1985 have been unrealistically low and don't accurately reflect the relative wealth of nations. "Comparisons require something called Purchasing Power Parity, the exchange rate at which two currencies would each buy the same basket of goods." If PPP is used, "the American standard of living is far above its main competitors." West Germany ranks tenth and Japan twelfth. "In short," Bartley writes, "the American standard of living is about 40 percent above that in Japan and most of Europe." Sounds better.

Bartley has a hero on the deficit, William Niskanen, a former member of President Reagan's Council of Economic Advisers and now head of the Cato Institute. In 1981, Niskanen "tried to play Galileo" by candidly noting that simple statistical tests show no correlation between high deficits and high interest rates. The press treated this as an insidious effort to downplay the importance of the deficit. (Reagan, by the way, loved to joke that he "didn't worry about the deficit because it's big enough to take care of itself.") After all, everyone in Washington knew that the deficit would drive up interest rates and inflation, ruining the economy. Or at everyone least was afraid to say otherwise.

Of course Niskanen was right. "The prime rate was 20 to 21.5 percent in 1981, when the deficit ran 2.6 percent of GNP, and 7.25 to 8 percent in 1986, when the deficit was 5.3 percent of GNP," Bartley writes. Also, he insists the deficit isn't really as large as it seems. Much of the deficit is eaten up by the effect of inflation on the national debt. If inflation is, say, 4 percent, that knocks $120 billion off a national debt of $3 trillion. Another chunk of the deficit goes for capital spending, which shouldn't be counted as part of the deficit in the first place. Taking these factors into account, the 1988 deficit of $155 billion becomes practically zero.

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Bartley's conclusion: "The deficit is not a meaningless figure, only a grossly exaggerated one." Hard to argue with that.

THE TRADE DEFICIT shouldn't be a source of high anxiety either. "In fact, the United States ran a trade deficit in nearly all of its first 100 years, and ran surpluses in the midst of the Great Depression," Bartley writes. "A trade deficit is typical of rapidly growing economies, which require a disproportionate share of the world's resources, and provide investment opportunities to balance the equation."

Crowding out? This is still brandished as a weapon against passage of tax cuts. Federal borrowing, the argument goes, will increase and leave less money for private borrowing. This is nuts for two reasons, Bartley contends. First, it assumes the credit pool is fixed, while in reality it "expands and contracts with the fortunes of the economy." Second, "what counts is government control over real economic resources, whether it commandeers the resources by taxing or buys them with bonds.... It's not government borrowing that crowds out the private sector, but government spending."

Mountains of debt? Debt as a percentage of GNP fell from the end of World War II until 1982. Even then it didn't spurt up dramatically. "By 1990, outstanding debt was back where it was in 1960, not such a bad time economically." And if new debt was the price of lifting the economy out of the stagflation and malaise of the 1970s, Bartley argues it was worth every borrowed penny.

Finally there's fairness, the idea that Reaganomics benefited the rich and hurt everyone else. Many of the numbers used to prove this, especially those in the House Ways and Means Committee's *Green Book*, are phony. For instance, the 1991 *Green Book* put all numbers in 1990 dollars, except for the assets sold to produce capital gains. These were listed at their original, nominal price, vastly inflating the income and deflating the tax burden of the well-to-do.

The most telling figures are those cited by Bartley that treat real income separately for two periods, 1979-1983 and 1983-1989. In the first, a time of economic instability that included two recessions, income of the poorest 20 percent of the population fell 17.4 percent as that of the top fifth rose 4.8 percent. In the second period, which began when Reagan's supply-side tax cuts took meaningful effect, income of the bottom quintile rose 11.8 percent and income of the top fifth went up 12.4 percent. The lesson, or half of it, is that bad times hurt the poor disproportionately. But "once the tide actually started to rise ... it did lift all the boats," Bartley notes.

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Enough numbers. Bartley deals persuasively with two other aspects of the "legacy of misunderstanding" about the Reagan years. One is the charge that Reagan's tax cuts caused the 1981-1982 recession. I never understood how anyone could believe this, but many still do. It's impossible, though, because the tax cuts were, as Bartley says, "not yet implemented" at the time of the recession. The other misunderstanding is the Reagan administration's role in the savings-and-loan scandal. Reagan deregulation wasn't the primary cause. The boost in the deposit guarantee to $100,000 and congressional pressure on regulators not to shut down insolvent savings and loans were.

MISUNDERSTANDING the 1980s wouldn't be so harmful if its only effect was bad vibes among the elites. But it also prompted the recession of 1990-1991. According to Bartley, "1990 was the the year when Congress, regulators, the administration, Wall Street and the public shifted their eyes from opportunity to danger. After endless warnings over the dread deficit, after the 1987 stock-market crash, after the S&L debacle, after the 'greed' of the insider-trading scandals, they decided to purge the economy of risk." The S&L bailout crushed all savings and loans, good and bad. Banks were leaned on to the extent that commercial bank lending was negative in 1990. Bartley has a name for all this—"Victorian finance."

An historic turning point may have come in 1989, Bartley warns, when Senate Majority Leader George Mitchell single-handedly blocked a cut in the tax rate on capital gains. The forces of "fairness" defeated the advocates of opportunity and economic growth—for the first time in eleven years. By Bartley's reckoning, the initial scaffolding for the boom of the 1980s was erected in 1978, when the capital-gains rate was pared from 49 percent to 28 percent over the objections of President Carter. "This was the moment at which the decade of envy came to its close, and the search for a growth formula started in earnest," Bartley writes. That formula turned out to be tax cuts and tight money, the Bartley formula of Reaganite tax cutting and the tight money of Federal Reserve Chairman Paul Volcker.

I am not persuaded Mitchell ushered in a new era of, in Bartley's words, "rising tax rates and other policies that suppress economic vigor." But neither is Bartley. He thinks there is time to avert a new era of malaise, so long as we understand what triggered the boom of the 1980s, then do it again. "The first imperative is to keep the system open to entrepreneurs, the college dropouts, breakaway engineers, and illegal immigrants"—the risk-

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taking shock troops of the 1980s expansion. Next we should forget fairness, keep the Fed in combat against inflation, cut the capital-gains tax rate, accelerate deregulation, improve the schools by putting education and not socialization first, trim Social Security benefits for future retirees, and impose term limits on Congress.

Those aren't bad ideas, but Bartley has an even better one: lighten up. The only thing we have to fear, he says, is our own fear. Science and technology are on our side. "The microchip is a liberating invention. Its effect is to put power in the hands of individuals at the expense of central authorities, whether public or private." The overthrow of communism is "testimony to the power of communication." There is opportunity ahead, but only if Americans jettison their "cramped and pessimistic outlook." They should start, Bartley advises, by recognizing that "surely something went right during the 1980s."

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More Like Them

CHESTER E. FINN, JR.

***Rita Kramer*: Ed School Follies: The Miseducation of America's Teachers.** *The Free Press. 228 pp. $22.95.*

***Harold W. Stevenson and James W. Stigler*: The Learning Gap: Why Our Schools Are Failing and What We Can Learn from Japanese and Chinese Education.** *Summit Books. 222 pp. $22.00.*

A RECENT ARTICLE in the (London) *Times Educational Supplement* brought news that "The majority of newly qualified teachers who took part in a survey in Essex did not feel their initial training course prepared them to teach reading." A companion piece opened with the blunt statement that "Teacher training institutions are still not up to scratch" in England.

The United States, it is apparent, is not the only land dissatisfied with the quality and efficacy of teacher education and the places that provide it. Nor are we the only society that has failed so far to rectify the situation.

It is not for lack of attention, however. We are trying almost everything imaginable: programs that emphasize postgraduate professional training in research universities, akin to the preparation

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of lawyers and doctors; "alternate" paths that take people right out of college and channel them into schools with a bit of pedagogical instruction on the side; school-based "apprenticeship" schemes; mid-career academies designed to recharge the batteries of classroom veterans; state-legislated limits on the number of "methods" courses that undergraduates may take for credit; and much more. What is notable about these ventures, apart from the ardor and certainty that each elicits from its partisans, is how disparate are the notions underlying them.

That is because we have reached no consensus as yet about the proper preparation of good teachers for our troubled schools. Nor is there much guidance to be garnered from research into these matters, a largely inconclusive body of social science that is especially unhelpful in a domain so full of strong convictions and apples-and-oranges alternatives. Yet one would not have thought this so difficult to figure out. We know that U.S. children are not acquiring nearly enough of the knowledge and skills that they need. We know that the classroom teacher embodies the main "technology" of schooling, at least as that enterprise is presently organized. We know that students rarely learn more of academic matters than their teacher supplies. And we know that our 2.8-million-person teaching force, despite terrific exceptions, is not up to scratch.

We also sense that training is not the whole story. The teacher's intellect, literacy, background knowledge, temperament, energy, articulateness, and commitment surely count for at least as much as his formal preparation. Attracting smart, talented, dynamic, and affectionate individuals into the teaching ranks is no small challenge. It is not made any easier by forcing them into preparatory programs often characterized by their graduates as "Mickey Mouse."

DESPITE THE growing popularity of "alternate routes," the traditional university-based training program is still the path followed to the classroom by the vast majority of aspiring public school teachers. That is because it is the primary path to a state-conferred license or certificate, which is mandatory for teaching in virtually all public schools. (Private schools in most states may hire whomever they wish.) The legal and regulatory links between completion of a state-approved, university-based teacher training program and acquisition of a state teaching certificate are the main source of the leverage that teacher education programs wield over American public education.

There are nearly 1,300 such programs, and they take several forms. Some function on the periphery of liberal arts colleges,

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enabling an undergraduate earning a bachelor's degree in, say, history to emerge with a teaching certificate in his other hand. Some are "fifth year" programs, supplying a certificate (and often a master's degree) to one who has already earned a B.A. Most of these programs, however, consist of undergraduate majors in education (or "math education," "music education," etc.) and the preponderance of them operate within colleges of education at medium-sized state universities of no great academic luster. Most newly minted teachers, it follows, are products of institutions such as Glassboro State, Murfreesboro State, Bowie State, and Wayne State. That is how it has been for decades and, despite all the experiments underway, that's how it still is.

These are essentially open-admission colleges, of course, welcoming anyone with a high school diploma and the (low) price of tuition. That means most of their students are standard-issue products of typical American high schools. Though deep reserves of untapped intellect may wait within their skulls, little of it has been brought to the surface prior to their arrival on campus. Most of them are as deficient in reasoning and writing skills, in math and science, in history, geography, and literature, as the other widely publicized and much-lamented graduates of our faltering elementary and secondary schools. These are the freshmen of whom Albert Shanker has remarked that 95 percent would not even be admitted to a college or university anywhere else in the world. Many, however, are destined to become the teachers of the next generation (and not a few will join Mr. Shanker's union).

What happens during their four (or five) years on campus is obviously of critical importance. It is the last formal education most will ever have. It is society's final opportunity to see that the young men and women who will instruct tomorrow's children are themselves up to the task. What they learn as they pass through their "approved teacher education program"—the knowledge and skills they acquire, the values they imbibe, and the attitudes they form—has momentous implications for U.S. education. If tomorrow's teachers are themselves ignorant and unskilled, awash in dubious ideas and questionable priorities, the odds are slim that we will be content with the results achieved by their pupils.

The distinguished author and social critic, Rita Kramer, set out to see for herself what actually goes on in the classrooms of fifteen fairly typical teacher education programs. She spent a year visiting campuses, sitting in on classes, talking with students and faculty, examining textbooks and course syllabi, seeking above all to understand what they value and seek to impart. Her keen ear, clear

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mind, solidly rooted values, and pull-no-punches style turn out to be perfectly suited to this quest.

She discovered some great people doing fine work; gobs of sincerity and good will; bushels of compassion; very low academic standards; and many bad ideas. Two general impressions linger in the minds of Kramer and her readers: First, the widespread scorn for knowledge and intellectual skills on the part of the university faculty charged with readying for the classroom these (mostly) young people who brought so little of those commodities from their own school years. Correcting that deficit, she found, is not a high priority in American teacher education, an enterprise where feelings, attitudes, self-regard, and happiness are deemed far more important than information, rigor, standards, and achievement.

Second—and no less powerful—Kramer found what might be termed an overwhelming reverence for individual differences. The ethos of "special education," it appears, has permeated the entire education profession, perhaps most thoroughly on the university campus. "In order to create a more just society," she writes,

> future teachers are being told, they must focus on the handicapped of all kinds—those who have the greatest difficulties in learning, whether because of physical problems or emotional ones, congenital conditions or those caused by lack of stimulation in the family or lack of structure in the home—in order to have everyone come out equal in the end. What matters is not to teach any particular subject or skill, not to preserve past accomplishments or stimulate future achievements, but to give to all that stamp of approval that will make them "feel good about themselves." Self-esteem has replaced understanding as the goal of education.

SOME OF THESE attitudes can be found in the teacher training programs of other Western countries (though I have never seen as perceptive or lucid an account as Kramer's), but seldom do they turn up in Asia. Among the striking findings of Harold W. Stevenson and James W. Stigler's superb comparative analysis is that the high-achieving education systems of Japan, China, and Taiwan pay scant heed to individual differences. These societies, we learn, never embraced the "ability model"—the belief that what a person accomplishes is irrevocably delimited by what he or she is innately capable of and largely unaffected by effort, standards, expectations, or persistence. Asian cultures and their schools instead hew to an "effort model" in which

> Progress is analogous to a ranking in tennis or squash. No matter what your level, there is someone at the next higher level whom you can challenge with a chance of winning. Progress is attained step by step and is potentially available to anyone.

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Not only do Asian lands subscribe to a view of learning sharply at odds with that transmitted to future American teachers; they also have very different notions about *what* is to be learned. "For the Asian cultures that we have studied," write Stevenson and Stigler, "the goal of elementary school education is unambiguous: to teach children academic skills and knowledge—how to read, to write, to apply mathematics, to know something of history and government, and so on."

The Asian approach to teacher preparation echoes this faith. Though new teachers are apt to have spent fewer years in formal education than their U.S. counterparts, the emphasis in both school and university is on the liberal arts and the substantive disciplines, not on pedagogical methods or child psychology. This is consistent with the Asian view that practical teacher training occurs mainly on the job, not in university classrooms. New college graduates are viewed as novices or apprentices, needing much tutelage from veteran teachers and many opportunities for observation and conversation. In Japan, especially, Stevenson and Stigler found "a systematic effort to pass on the accumulated wisdom of teaching practice to each new generation of teachers and to keep perfecting that kind of practice by providing for the continuing professional interaction of teachers."

Asian teachers, it turns out, interact a lot. They are far less isolated than their American peers. They join study groups, share workrooms and office space, and spend considerable time each day with other teachers, not just closeted with their pupils. They typically teach only three or four hours a day; substantial time remains to plan lessons, prepare material, work with individual children, grade papers—and confer with their colleagues. This found time for the staff does not, however, make Asian schools costlier than their U.S. counterparts. That is because classes in Asian schools are significantly larger, their teachers spend more of the day at school (upwards of nine hours, compared to about seven here), their school year lasts considerably longer, and teaching is ordinarily the teacher's only job.

AMERICAN EDUCATORS often dismiss Asian comparisons, usually by citing dissimilar cultures, greater parent involvement, and different societal priorities. Sometimes the international studies are themselves criticized on methodological grounds—a form of shooting the messenger in order to avoid the message. As a result, the handful of scholars engaged in such research have been sensitized to the most common arguments and now go out of their way to anticipate them. In this spirit, Stevenson

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and Stigler have taken pains to dispel a number of erroneous assumptions that readers are apt to bring to the book.

Do Asian parents begin to stress "cognitive learning" when their children are in the cradle, while American youngsters spend their early years at play? On the contrary. Young Asian children are "assumed to lack cognitive competence." Hence adults make "few attempts to teach them academic skills, abstract concepts or even morality." It is American parents who believe that preschool and other forms of early intellectual stimulation are vital preconditions for later learning. It is American parents who hang mobiles over their infants' cribs. Remarkably, it is also American parents who are more apt to read to their toddlers. "Among American mothers of the kindergartners we studied," say Stevenson and Stigler, "91 percent reported reading to their preschool children daily or several times a week. Only 40 percent of the Chinese mothers and 68 percent of the Japanese mothers reported reading to their children this often."

Are Asian schools joyless learning factories? Just the opposite. Four or five recess periods a day are part of the usual routine, far more than in American schools. The reason for the widely noted "rapt attention" that Asian youngsters bring to their lessons, the authors suggest, "may be due partly to their frequent opportunities during recess to relax, socialize, and escape from the demands of the classroom."

Do Asian schools foster conformity and place greater emphasis on rote learning than on creativity? Not according to Stevenson and Stigler. Rather, the children are happily engaged in their work, enthusiastic about what they are doing, self-directed, self-motivated, and self-disciplined. "If we were asked briefly to characterize classes in Japan and China," they write,

> we would say that they consist of coherent lessons that are presented in a thoughtful, relaxed, and nonauthoritarian manner. Teachers frequently involve students as sources of information. Lessons are oriented toward problem-solving rather than rote mastery of facts and procedures, and make use of many different types of representational materials. The role assumed by the teacher is that of knowledgeable guide, rather than that of prime dispenser of information and arbiter of what is correct.... Lessons are ... not filled with drill ... and the children are not passive automatons but active participants in the learning process.

Then why are Asian schools so successful? In league with parents, we come to understand, Asian schools manage to make learning the center of children's lives—the main work of childhood. That attitude is rooted in a cultural reverence for learning, to be sure, and is buttressed by selective university admissions and employment practices that link tangible rewards to educational

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achievement. But it also rests on ideas about the nature of education that are diametrically opposed to those Rita Kramer encountered in U.S. teacher-preparation programs (and that we can see in operation in most American schools): high regard for skills and knowledge as the primary ends of education; forthright recognition that success—and the self-esteem that results—arises from authentic accomplishment, not artificial accolades; the sincere conviction that every child, given enough time and hard work, can meet demanding standards of achievement; and a corresponding reluctance to sort and categorize children on the basis of differences, to bend the educational enterprise in response to such differences, or to modify standards and expectations to accommodate them.

WE IN THE United States could educate our children as effectively as Asian (and many European) countries do. But we won't so long as bad ideas prevail within the brain and central nervous system of the education profession. That means within our colleges of education, the places where most teachers continue to be trained, where principals and superintendents get their credentials to administer, and where the faculty write the books and articles that pass for scholarship in this field and prepare most of the presentations to the myriad "professional" meetings and "in-service days" held each year.

So long as we look to colleges of education for ideas about straightening out our schools, we are trapped. They are part of the problem and are not likely to initiate any acceptable solution, no matter how many experiments, "pilot programs," demonstrations, and innovations pour forth. This is not an area that the profession can be relied upon to fix, largely because it is not persuaded that anything is broken. If we are serious about a comprehensive overhaul, we will have to change the basic ground rules and power relationships that determine how one becomes a teacher in American schools. That won't be easy. But it may be the price of better education for our children.

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Sex and *Reason*?

MIDGE DECTER

***Richard A. Posner*: Sex and Reason.** *Harvard University Press. 480 pp. $29.95.*

A man who is a Kinsey 1 has a strong but not exclusive preference for women but will substitute a man in a pinch, and a man who is a Kinsey 5 has a strong but not exclusive preference for men but will substitute a woman in a pinch. We would expect opportunistic homosexuals to be drawn from the ranks of the 1s and the 2s and married homosexuals from the ranks of the 4s and 5s. A 3 would make his choice on exclusively personal grounds—preferring an attractive male to a slightly less attractive female but an attractive female to a slightly less attractive male.

—Chapter 4, *Sex and Reason*

If you can't get a woman, get a clean old man.

—American folk wisdom

RICHARD A. POSNER, a judge of the United States Court of Appeals for the Seventh Circuit and a senior lecturer at the University of Chicago Law School, is a man who believes that there is always a good reason for the things people do and that by applying the principles of rationality one can find it. He is also a very clever man who responds to the world in a manner that is nothing if not ingenious. In his view, human behavior is primarily the result of choices, conscious or unconscious, in pursuit of interests, and if we come to understand the conditions that both give rise to and constrain such choices, we will, like so many philosopher-kings, be able to devise a truly reasonable system of laws and regulations.

Translated into formal academic terms, Judge Posner's views place him within the intellectual field known as "law and economics." He is in fact a leading proponent of this discipline, which attempts to apply notions like substitution, complementarity, and search costs—concepts that help economists construct a rational model of economic behavior—to social policy and legal philosophy. The posture required by this effort is in the nature of things one of moral neutrality. Now Judge Posner has written a book about sex, and the effort to assume such a posture in relation to human sexual

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conduct involves at the very least an impressively venturesome ambition.

Sex and Reason is a long and in its way very learned book, crammed with footnotes, detailing sexual practices and attitudes across great stretches of history and a wide variety of societies. Naturally the author has not gone to such trouble merely to undo any lurking sexual provincialism among his American contemporaries. The purpose of all this historical and cross-cultural scholarship is to provide illustration for the book's main underlying contention: namely, that all forms of human sexual custom and conduct, approved and disapproved, from pederasty to cliteridectomy, from the sequestration of women to child molestation, from prostitution to rape, from companionate marriage to pornography, are rational responses to external circumstances.

ABOUT THE phenomenon of rape, for example, we are told that contrary to the general misapprehension recently emphasized by the feminists, rape is not a crime of violence but rather primarily a substitute for consensual sexual intercourse. True, its incidence is higher among men who are prone to violence and sadism, "for those are men to whom, respectively, the costs of rape are lower, and the benefits of rape greater, than they are to men who are neither violent nor sadistic."

As for female circumcision, this, too, can be traced to the market. A woman whose clitoris has been removed might be thought to require less supervision from her husband, therefore she would be likely to fetch a higher bride price or require a smaller dowry than other women; and thus a polygamist whose wife had been circumcised would prosper more than other polygamists. The examples of just this kind and level of explanation abound. Jealousy, mythic groping for control of nature, or cosmic terror are mere epiphenomena for Judge Posner's new system of understanding.

Thus even aside from the Herculean labor of scholarship involved, Posner has set himself the not inconsiderable task of revising and clarifying the conventional understanding of these things. Perhaps, too, he was in a bit of a hurry to get on with it. For the book is oddly and—particularly for someone of a legal bent of mind—rather disjointedly organized. Discussions start and stop, and then start again chapters later. Certain points of analysis are wearisomely repetitive and others are simply plunked down and left sitting there. The volume has the feel—not uncommon, alas, in academic productions—of a group of papers stitched, rather than genuinely made to cohere, together.

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Moreover, the documentation, impressive as it is for sheer volume, seems more than a little promiscuous. We are asked to take on faith insights and information, presented virtually without critical inflection, taken from such "scholars" as Alfred Kinsey, Michel Foucault, John Gagnon, and Phyllis and Eberhard Kronhausen. Along with these are solemn citations from such sexually enlightening journals as *Medical Sexology*, *The American Journal of Sociology*, and *The Auk: A Quarterly Journal of Ornithology*; from the writings of Catharine A. MacKinnon; and from a great mass of articles and books written by social scientists of the new age, members of the fraternity of sexologists, and workers in the vineyard of homosexual studies (among them members of the American Psychiatric Association, once noted for having, under the tutelage of the then newly active gay-rights movement, come rather suddenly to the conclusion that homosexuality is a "normal" condition after all).

SOME OF THE lessons drawn from all this learning are long known and self-evident. Posner observes, for instance, that the ratio of men to available women is bound to have an effect on the transactions of courtship and marriage, as well as on the standards applied to mate selection of both sexes. It hardly requires economic analysis to come to the conclusion that in societies where there is a shortage of women, they are going to have more bargaining power in the sex department. This power is often expressed through a certain lack of attentiveness to their general appearance and a pronounced failure to make themselves agreeable—as on the American frontier and in the early days of Israeli society. On the other hand, where there is a shortage of men, as today in the precincts of the American middle-aged, women will be found to make great efforts to be pleasing according to whatever is the going standard.

Some of Judge Posner's tales are mildly interesting, if true—the cautionary example of the late Margaret Mead should have left us all with a salutary suspicion of research on societies with no, or only fragmentary, recorded history. But in many cases they do not actually connect with his analytic point. For example, he attributes the approval of homosexuality among members of the Greek citizen class to the contempt for women held by that class. It was believed, he says, that boys could only properly be brought up and taught love and sex by men. But what this contempt consisted of or wherein it resided or what might have given rise to such an attitude (admittedly class-specific) is beyond the reach of Posner's method. Thus how a whole class of Greeks managed (if they reliably did) to

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withstand so powerful a force as the erotic power of women on the basis of a mere idea is a question he neither asks nor answers. After all, the sequestration of women, not only among the Greeks but in all its various forms and in all the ages and societies in which it has been practiced, might have struck a clever, not to say studious, mind as being as much a tribute to the power of women as it is a condition giving rise to their powerlessness.

But truth be told, the illustrative value of the distantly anthropological, vital as it might be to Judge Posner's claim of having laid hold of certain universal principles, has not much bearing on the real impulse behind this book. Posner means to provide a prescription, especially to the courts, for how to think about and respond to the general sexual condition that we Americans are in today. That condition, however, is one of puzzlements and anomalies, and it has to be said that economic analysis, far from helping us to confront those puzzlements and anomalies, works instead to help evade them.

Take the issue of homosexuality. Believing with Kinsey that in some number of cases homosexuality is genetically determined, Posner is prepared also to say—again with Kinsey and again on the basis of reasoning—that some measure of homosexual behavior is opportunistic, that is, that normally heterosexual men will seek out other men when the demand for sex for one reason or another exceeds the supply of available women. The telling example here, of course, is prison society. But economic principles cannot explain why at this moment, when women have become so vastly much freer and more casual with their sexual favors, there should be so much more, and so much more open, homosexuality than ever before. Judge Posner is obligated by the terms of his analysis to opine that there is probably *less* homosexuality today, but that opinion is belied simply by the evidence of the senses. A different application of economic thinking might reach the conclusion that there is a good deal more homosexuality than there used to be, but that this is because the greater tolerance for it among us these days has reduced its cost to those of homosexual inclination. (Judge Posner, by the way, finds no greater tolerance for homosexuality in America now.) To the extent that this idea is not circular, it has some plausibility. But not a plausibility that satisfies the need to understand either the sudden outpouring of aggressive "gay" display or the dithering lack of resistance to such aggression on the part of heterosexual society. No doubt, then, there is some other "condition" that accounts for this veritable homosexual explosion, but if so, it must certainly lie farther underground than such tools as are commanded by utilitarian reason can reach. Indeed, to dis-

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cuss homosexuality without reference to women is simply to deny the obvious—a dangerous as well as arrogant denial.

Even more out of reach would be the explanation for why, in the face of AIDS, such encouragements to homosexual promiscuity as gay bars and hangouts continue to abound and prosper—not to speak of the honor and tearful gratitude bestowed far and wide upon those who reveal to the world that they have contracted the disease. It seems safe to say that never before has a disease of venery been so venerated.

NOR IS THIS even the most interesting of the anomalies besetting our current sexual arrangements. Why, for instance, at a time when a whole variety of effective contraceptives have been devised by medical technology, ever more easy to obtain and ever more easy to use, is there such a wide recourse to abortion? Say what you will about abortion, that it is murder or that it is simply every woman's right—Judge Posner finds some measure of rationality in the arguments on both sides and then comes down, not surprisingly, in favor of a diminished role for government—surely no one can suppose that it is the preferred method of birth control. If, as the abortion-rights advocates keep insisting, the issue is the right of women to control their own bodies, are women not taking a funny way to go about it? Surely beneath the surface of pro-choice speech there lurks another, possibly contradictory, message, maybe not a message that judges can be expected to decipher but one that they, and everyone else, might profitably ponder.

About the terrible current illegitimacy rate, popularly known as "babies having babies," Judge Posner can only beg the question: give teenage girls contraception and urge them to use it. What there is in heaven and earth that can explain the behavior of these girls and answer to their needs is left undiscussed.

Then there is pornography: lowbrow, middlebrow, and highbrow. Though it has been legalized, that will not by itself explain why, when sexual relations in real life appear to be so taken for granted and unencumbered, men (perhaps a few women) are still such avid consumers of a vision of faceless, instantaneous, unencumbered grappling. The reduction of search costs, in Judge Posner's terminology, has had less of an effect than might be expected not only on homosexuality and pornography but even on the preference of many men who have no need to do so to pay for sex. Prostitution as a business seems not to have suffered particularly from the competition of singles bars and other like institutions. Why this should be the case will not be found in the precincts of mere logic. Yet the answer might be positively illumi-

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nating about the nature of the thing between men and women, and what forever keeps going wrong with it.

All of which is to say that *Sex and Reason* tells us many things that may be so but do not teach us much, and many things that are not so and cannot be so because a morally neutral account of them does not correspond to the lived human experience of sexual relations, which are anything but morally neutral—anywhere, at any time, and under any conditions.

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Blacks, Jews, and Neighborhood Change

HOWARD HUSOCK

***Hillel Levine and Lawrence Harmon*: The Death of an American Jewish Community: A Tragedy of Good Intentions**. *The Free Press. 370 pp. $24.95*

NEIGHBORHOOD racial change, in the years since the Second World War, has arguably been the most gripping and important drama of American cities. The development and spread of overwhelmingly black neighborhoods in virtually all major northern cities has changed the calculus of political power, laid the basis for demands for school desegregation and political redistricting, and often rubbed raw the tensions between blacks and the ethnic groups that have preceded them. Such racial change has exposed blacks who seek housing in white neighborhoods to violent retaliation—predicated on the belief that the arrival of a single black family signals inevitable wholesale change and a decline in home values. It has appeared to confine new black homeowners, seeking to live in better neighborhoods, to areas where social problems have simply followed them. At the same time, it has left some whites, especially those elderly persons unwilling to uproot themselves, abandoned by their friends and the institutions that once served them. I can recall, as a teenager, visits to my aged Aunt Lillie on Cleveland's Hough Avenue, soon to give its name to one of the worst ghetto riots of the 1960s. The Jewish neighborhood had, from her point of view, simply vanished from around her: Hough Bakery no longer on the street of its name; the Tasty Shop

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delicatessen gone from 105th Street to a suburban shopping center; she behind a stark wooden door, the family on edge as we climbed the stairs of the apartment building.

Is such racial change inevitable, given the American history of race relations? If not, what specific forces have abetted it? What determines its geographic boundaries? Should public policy seek to thwart it and could any public policy do so? Such questions assert themselves in Hillel Levine and Lawrence Harmon's powerful, if somewhat incomplete, account of what may be the single most dramatic saga of neighborhood racial change: the precipitous exodus between 1968 and 1972 of virtually the entire Jewish community left in the city limits of Boston, centered on storied Blue Hill Avenue, and its replacement by a black population spreading from the Roxbury-North Dorchester black ghetto.

There is much evidence in this narrative, which is richly and effectively descriptive more than it is analytic, that would support the traditional ethnic-succession view of neighborhood change—that is, in American cities, one ethnic group simply follows in the wake of another's upward mobility. The Jewish community of Boston's Dorchester and Mattapan neighborhoods was, to some extent, an aging community (40 percent of residents were over age fifty in 1967), and many had left it behind even before the climactic period of this account. But Levine and Harmon tell a story in which much, much more is going on than simple and gradual outmigration. In their effort to find out who, or what, can account for the "death of an American Jewish community," a community they clearly value (though perhaps romanticize), they come upon specific villains, whose actions, they imply, were paralleled in places other than Boston. These include bankers whose loan practices encouraged the formation and spread of a black ghetto, and real-estate agents whose "blockbusting" tactics helped stampede whites.

The authors reserve particular ire for mainstream Jewish organizations dominated by suburban liberals. These organizations, they conclude, acquiesced in policies that spread the black community at the expense of a lower-middle-class Jewish community whose cries were unheeded. Levine and Harmon set forth a communitarian critique of those who shaped a specific low-interest mortgage program which indirectly set in motion events ranging from the arrival of midnight moving vans to synagogue arson. Program designers and supporters, they say, failed to value community, as represented by the delicatessens, Hebrew schools, and triple-decker homes of Blue Hill Avenue, and thus were

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callous, even oblivious, as they effectively engineered the demise of Mattapan Jewry.

BUT IN FOCUSING on the process by which Mattapan became *Judenrein* (they choose to use the term), Levine, professor of sociology and religion at Boston University, and Harmon, a Boston journalist who grew up in the affected area, vastly understate the extent to which the policies they describe had arguably more tragic consequences for Boston blacks caught in what, in retrospect, appears to be an early example of a race-conscious policy that hurt those it intended to help. The authors casually endorse other types of housing-market interventions which, although they might conceivably have spared the Mattapan Jewish community, would likely have had dubious consequences of their own. They do not discuss specific public policies which have developed in other cities—most notably metropolitan Cleveland and Chicago—to alter the dynamics of wholesale racial change. Most important, in my view, they ignore the ways in which the traditional Boston housing market—with its specific mix of structures—might, given an end to race discrimination in lending practices, have ultimately served all concerned better than any interventionist policy. Ultimately, the intertwined sagas of housing policy and the demise of a Jewish community are united by more than a failure to appreciate the spirit of old urban neighborhoods, although that seems clear. Both, rather, reflect the embrace of a paternalism which the liberal actors in the drama—whether in banks, Boston City Hall, or the Boston Jewish Community Council—adopted generally, and which led them to use federal housing subsidies in ways that skewed the market to the detriment both of Boston's last significant Jewish community and of the intended black beneficiaries.

Levine and Harmon outline the key factors underlying the rapid transformation of the Blue Hill Avenue corridor in the late 1960s and early 1970s. In 1967, police response to a sit-in by a black welfare-mothers' group (Mothers for Adequate Welfare) at the welfare office in Boston's Grove Hall area sparked a serious riot. In its wake, the city's political and financial leaders reached the conclusion that facilitating black homeownership would be the best response. The authors astutely track the pent-up demand for housing from blacks, which resulted from the aggressive urban-renewal policies of Boston Redevelopment Authority director Edward Logue. The city had, in the early 1960s, torn down no less than 2,500 substandard structures—apartment buildings and distinctive wooden three-decker houses—in the Roxbury ghetto's Washington Park neighborhood, replacing them with only 800 new

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units. Blacks began to seek new housing in parts of Roxbury and North Dorchester that had traditionally been Jewish—and Jewish institutions, controlled by former neighborhood residents who had moved to more affluent suburbs, reflected and perhaps abetted change (Levine and Harmon favor the latter view) by moving out. The tone of black succession was symbolized by the transfer of one of Jewish Boston's showplace temples (Mishkan Tefila) to a black dance and theatre school (the Elma Lewis School of Fine Arts) at no cost.

The housing program developed in the wake of the 1967 riot was similarly benevolent. The Boston Bank Urban Renewal Group (BBURG), a consortium of twenty-two banks, pledged no less than $50 million in mortgage money to buyers and neighborhoods they had previously shunned. The loans for minority buyers would be at below-market interest rates and require only nominal down payments, or even none at all. The mortgages posed little risk for the banks, however. They were insured in full by the Federal Housing Administration, itself stung by criticism that its loan policies had previously paved the way for white emigration to the suburbs and actively discriminated against blacks. The BBURG program was confined both to black potential buyers and to a specific geographic area. The map of its boundaries coincided with the contours of the last redoubt of Jewish presence in the Boston city limits—the Blue Hill Avenue corridor of Dorchester and Mattapan. Although the loan program was not proposed by liberal Jewish organizations, Levine and Harmon make it clear that key Jewish leaders were privy to the program—its geographic boundaries were not widely known—but did not feel it necessary to intervene to stop it.

THERE IS GOOD reason to believe that the Mattapan Jewish community would, in time, have headed south to the suburbs of Milton, Canton, Randolph, and other points, whether or not the BBURG program had been organized. But the loan consortium laid the groundwork for an ugly blockbusting campaign, led by mushrooming real-estate offices with a powerful incentive to turn property over—"no money down"—and collect commissions. Levine and Harmon's reportage includes testimony from an anonymous former blockbuster, who recalled his introduction to the BBURG program from a fellow broker:

> He explained to me that the banks had decided to take a certain area and designate it with a red pen. Mattapan and certain parts of Dorchester. We're going to finance minorities in this particular area, so they can get a house with no money down.... We were told get the listings any way you can. It's pretty easy to do: just scare the hell out of them! And that's what we did. Some of the milder things were: prop-

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> erty values are going down, you're going to get a thousand dollars less next month than this. (Or) you'd say, how would you like it if they rape your daughter and you've got a mulatto grandchild? There were instances of housebreaks arranged only to scare people out.

One can only wonder whether any of the litany of horrors grimly described by Levine and Harmon—the arson of Torahs; anti-semitic taunting of robbery victims; acid splashed in the face of a rabbi—were the work of paid provocateurs. But the effects of the extraordinary BBURG program were rapid and powerful. In 1960, there were fewer than 1,000 blacks in Mattapan. By 1970, the number had increased to 19,000. The Jewish population had fled en masse. (One frustration of Levine and Harmon's work is a lack of specific figures, such as data on home sales and population shifts.) The anonymous blockbuster opined that "many of the buyers shouldn't have owned a house" and, predictably, buyers confronting major repairs, common to the two neighborhoods' older homes, often had difficulty making payments and repairs. This problem was exacerbated by corrupt FHA inspectors who certified that homes were in move-in condition notwithstanding hidden problems. Foreclosures were rampant, with the FHA paying off the mortgage and HUD inheriting a vast inventory of both three-deckers and the newer single-family, ranch-style houses of Mattapan. By 1974, write Levine and Harmon, lenders has foreclosed on more than half of the BBURG mortgages.

It is a stark record, one which suggests the BBURG program was fundamentally ill-conceived. It could suggest, for instance, that the general notion of housing subsidies targeted for an identifiable minority is a terribly risky idea, and that the social consequences, as well as the housing impact, of such subsidy programs should be carefully considered. Levine and Harmon attack BBURG on much narrower grounds, however. In their view, the program's major sin lay in the fact that it was confined to already black and contiguous Jewish neighborhoods. They suggest strongly that organized Jewish groups should have made the general public aware that the contours of the program were such that the Mattapan Jewish community was unduly affected. There is little doubt that Levine and Harmon are right in their assessment of a profound chasm between groups such as the Greater Boston Community Council and the Jews of Mattapan. Mordechai Richler has written (in *The Apprenticeship of Duddy Kravitz*) of the split between "business" Jews and "socialist" Jews, and there was some of that at work in Boston.

Broadly, though, organized Jewish groups were, in effect, more liberal than they were Jewish, an attribute which might be a wor-

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thy one, were it not for the fact that, in this case—as with school busing and so many social issues of the past two decades—liberal opinion was profoundly insensitive to the fears and struggles of the lower middle class. It would have been hypocrisy for liberal Jewish Boston to view its own less affluent brethren differently from the white working class generally. The tragedy of BBURG lay, rather, in its insensitivity to the social dynamics of lower-middle-class neighborhoods generally. Unqualified homeowners were pushed by a misguided set of financial incentives into neighborhoods in which residents had struggled long to gain a foothold—and where racial fears were reinforced and augmented by the arrival of buyers without the traditional credentials for homeownership. (One aide to then-Boston Mayor Kevin White urged the banks to grant mortgages to welfare recipients. A key banker agreed that a "welfare check is as good as any other check.")

It is noteworthy that middle-class black opinion was, in fact, concerned about the subsidy of unqualified homeowners. Black ministers, note Levine and Harmon, "did not gloss over their suspicion" about BBURG subsidies for "largely uneducated migrants arriving from the South." Ultimately, it was middle-class black homeowners who arguably suffered the most. Their success in reaching a higher economic plateau was undercut by subsidies that granted equivalent rewards to those who had not struggled to attain them. Because of their focus on the decline of Mattapan Jewry, Harmon and Levine apparently chose not to interview black homebuyers. They do observe, however, if only in passing, that "subsequent surveys of black homeowners in Mattapan found that they experienced little satisfaction with their new neighborhood. Most felt that, rather than get a fresh start, they had simply taken on the same problems experienced in the urban renewal areas of Roxbury."

BY NOT SCRUTINIZING the core assumption of BBURG—that undifferentiated subsidies specifically for minority homeownership are desirable—Levine and Harmon are led to propose an alternative that presents problems equally as severe. To spare the Jewish community, they write, bankers should have written low-interest, low-down-payment loans anywhere blacks wanted to move, including suburban areas, where it would also have been desirable, they imply, to construct low-income housing. But such a program would, as scattered-site, low-income housing generally has, engender hostility from whatever communities were affected. The assurance that a new black homebuyer was financially capable might conceivably mute racial fears; the combination of racial

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change and subsidy seems like a recipe for hostility. What's more, given Levine and Harmon's concern for community, they neglect to consider the effect on the black community of its dispersal. I have visited a program in Montgomery County, Maryland, in which low-income housing is scattered among more affluent developments. One finds poor and isolated black families that drive miles to the District of Columbia to attend church.

Public policies specifically designed to disperse blacks and/or foster racial integration have, indeed, provoked opposition from blacks who view them as a threat to cultural identity and political power. In suburban Cleveland, a program of "integration incentives," which provides low-interest loans to whites willing to stay in racially changing neighborhoods—as well as loans to blacks willing to move to predominantly white neighborhoods—has been opposed by some black elected officials and business leaders.

A program developed in Oak Park, Illinois, and adopted in neighborhoods in northwest and southwest Chicago might, however, better achieve the community-preservation goal on which Levine and Harmon are intent. These programs of publicly organized "home equity insurance" (inspired by a proposal made by Adam Yarmolinsky in the Winter 1971 issue of *The Public Interest*) allow homeowners to insure their property values, so that they don't have to fear a loss upon sale. They are designed to prevent panic-selling by whites who fear a precipitous decline in home values. Though dismissed by black critics as "black insurance," these programs do appear to stem panic-selling, which does not benefit either long-time residents or newcomers to a neighborhood. Given the relative racial tolerance of Mattapan Jewry, home equity insurance might well have mitigated the BBURG community's racial tensions, as well as inhibited the effectiveness of blockbusting.

It is much easier to imagine such a program working, however, in the absence of the subsidies and incentives for quick turnover that were built into BBURG. The entry into a community of black newcomers who are, in effect, admitted under rules different from those that governed the entry of previous homebuyers (especially minimum-down-payment rules) might rationally inspire fears that property-value insurance alone would not relieve. It is these aspects of BBURG, more than its geographic limitation, that seem most important. The impact of BBURG might have been quite different had bankers announced that, although they were not going to make loans to applicants who were not credit-worthy, they were no longer going to stand for the denial of mortgages on the basis of race—and that they had established a well-funded office to help

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police the practices of brokers, as well as to counsel potential first-time buyers. Implicit in such a pronouncement would be the belief that black homeowners, like their white predecessors, would be best served by a "program" under which blacks gradually climbed the housing ladder, as they acquired the means and demonstrated the financial habits to do so.

Boston's housing market is, in fact, ideally suited to such gradual upward mobility. Between the apartments and housing projects of Roxbury and the ranch houses of suburban-like parts of Mattapan lie thousands of wooden, three-decker homes, bootstrap housing historically used by first-time buyers needing rental income to pay their mortgage, or needing housing for extended families. The effective functioning of that market is made clear by Levine and Harmon's description of the housing history of one Jewish Mattapan resident. "His residences followed a predictable pattern over *two decades* (emphasis added): an apartment in Roxbury, a wooden triple-decker in Dorchester and eventually the small neat home at 160 Savannah Avenue."

If whites were to have moved out at a normal pace, and blacks to have moved up on the basis of traditional financial criteria and without discrimination, North Dorchester and Mattapan might have been renewed by black upward mobility, rather than decimated by the tragedies that Levine and Harmon describe: block-busting, panic-selling, and homebuying by unqualified blacks. Such a "program" would have required white liberals, whether in the Jewish Community Council, the Boston Bank Urban Renewal Group, or Boston City Hall, to stand up for gradualism when the subject was improvement of the conditions of the city's black population. This would not have been easy, given demands in the late 1960s by some Boston "civil rights" groups for $100 million in "reparations" to the black community, no strings attached. (Tellingly, some suburban Jewish philanthropists actually set out to raise such a sum.)

The gradual workings of a housing market filled with a diversity of housing types does not make for a program which either elected officials or bankers under pressure can easily announce with fanfare. But an embrace of gradualism, rather than the illusory benevolence of BBURG, might have allowed city officials to find a way to preserve the thousands of low-income housing units leveled in Roxbury, perhaps finding ways to improve them marginally, rather than displacing large numbers of residents. Gradualism might also have allowed the members of an emerging black middle class to work their way into good neighborhoods, rather than

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see good neighborhoods tragically collapse around them, leaving both racial hatred and embittered newcomers in their wake.

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An End to Civil-Rights Laws?

L. GORDON CROVITZ

***Richard A. Epstein*: Forbidden Grounds: The Case Against Employment Discrimination Laws.** *Harvard University Press. 544 pp. $39.95.*

ONLY A FOOL or an exceedingly brave man would write this book. As its subtitle implies, *Forbidden Grounds* commits the social offense of arguing that the United States should abolish the Civil Rights Act of 1964 and its progeny, casting doubt on the unquestioned principle of non-discrimination as a legal duty. The book argues instead that private employers should be allowed to discriminate if they like on the basis of race, sex, religion, national origin, age, and handicap—and that the intended beneficiaries of the civil-rights laws would be better off without them. Know that whatever else the author may be, Richard A. Epstein is no fool.

He is, however, blessed with tenure at one of the diminishing number of American universities that still take the idea of academic freedom seriously. In his introduction, Epstein writes, "I advance a position that is well outside the mainstream of American political thought," adding that "consensus may be indispensable for ordering political life, but it is dangerous for intellectual work." As Epstein looks out his law-school office window toward the Gothic spires of the main campus of the University of Chicago, he knows that whatever gnashing of teeth greets this book, the forces of political correctness will not harm him, though they will surely try.

Epstein has two radical proposals, which he casts in careful language:

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> First, the entire apparatus of the anti-discrimination laws in Title VII [of the Civil Rights Act] should be repealed insofar as it applies to private employers—at least (and the qualification is theoretically critical) those who operate in ordinary competitive markets without legal protection against the entry of new rivals.[...]
>
> Second, voluntary affirmative action is perfectly acceptable by private firms but far more problematic when undertaken by government, precisely because there is no adequate theory to explain the distribution of government largess among its many eager recipients.

As is clear from the different approach Epstein would take toward private versus public employers, he considers that the rigors of the market create the best results—with "best" defined broadly as the most wealth-maximizing result, for society generally and people individually. Oversimplified, his argument is that employers in competitive markets cannot long afford to indulge any taste they might have for discrimination. As Epstein writes, "Competitive markets with free entry offer better and more certain protection against invidious discrimination than any anti-discrimination law." At the same time, affirmative-action programs that are not coerced by government through legal requirements (or the threat of lawsuits) would mean, in a world where an employer could hire on whatever terms he likes, that "affirmative action in the private sphere ceases to be either a difficult or a novel question of legal principle, or even a recognizable category of analysis."

CRITICS WONDER how any person of the late twentieth century could think such things. Doesn't Epstein remember what the country was like before the Civil Rights Act? Hasn't he ever heard of Jim Crow? It is in his preemptive answers to these questions that Epstein explains himself, his reliance on markets, and his conviction that the civil-rights laws do more harm than good.

"I believe that the received wisdom, both in 1964 and today, does not grasp what was wrong with Jim Crow and segregation," Epstein writes.

> The dominant evil in the pre-1964 period was not self-interest or markets, inflexible human nature, or even bigotry. It was excessive state power and the pattern of private violence, intimidation, and lynching, of which there is a painful record but against which there was no effective federal remedy. The explicit discrimination in the South and elsewhere was preserved by the use of coercion, both by state law and by private individuals (such as the Ku Klux Klan) whose activities were left unchecked by state agents.

Jim Crow was only possible, observes Epstein, because of two abuses of government power. The first was passage of racist laws and the second was the enforcement of these laws via "massive

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state legislative regulation of private markets that was left unchecked by passive judicial action." The result was that "big government fell into the hands of the wrong people, who were able to perpetuate their stranglehold over local communities and businesses by means of a pervasive combination of public and private force." If this is the best understanding of the problem, then the solution is obvious: "Jim Crow is best attacked from the limited government, libertarian perspective as another illustration of Lord Acton's insight: power corrupts and absolute power corrupts absolutely." Under Epstein's view, the freedom to contract with whom one likes is the engine of economic opportunity, not its brake.

Like any good lawyer, Epstein marshalls strong evidence for his position, and his best evidence comes from a new look at familiar cases. For example, he gives his own explanation of *Plessy* v. *Ferguson*, the 1896 Supreme Court decision upholding the noxious doctrine of separate but equal, which was not unraveled until *Brown* v. *Board of Education* nearly sixty years later. Epstein points out that *Plessy* also stands for the proposition that segregation requires government coercion. Perhaps even more importantly, the case suggests the corollary, too—that markets left to themselves will (at least usually) not discriminate by race.

The case arose when Louisiana passed a law requiring railroads to have separate cars for blacks and whites. But why did the state feel obliged to pass a law mandating segregation? Wasn't segregation an accepted fact? No. "The passage of the Louisiana statute suggests that its railways always were—or, more likely, had become—unwilling to practice racial discrimination," Epstein writes. One of the lawyers for Plessy said, "The [rail]roads are not in favor of the separate car law, owing to the expense entailed." If a railway operated two cars of 100 seats each, for example, it couldn't carry 120 whites and 40 blacks. Epstein goes a step further, arguing that if the courts had protected the right to freedom of contract—a right that in earlier writings Epstein has argued persuasively exists in the Constitution—railways would have been free to sell tickets to any seat in any car to blacks or whites.

EPSTEIN DOES not believe that all discrimination would disappear in perfectly competitive industries. In what is likely to be the book's most controversial chapter, "Rational Discrimination in Competitive Markets," he concedes that some firms would discriminate when picking employees. A manager might find there is better internal communication if all his workers speak Spanish, for example.

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Nor can this provocative book answer all the hard questions. First, less benign and less rational discrimination motivated by simple bigotry might well occur. Moreover, even "rational" discrimination is often offensive to American sensibilities. For example, since so many blacks are captive to a dysfunctional public school system, an employer might find it efficient simply to exclude all blacks from employment, figuring that finding the rare black who got a good education isn't worth the search. This might be rational on the part of the employer, but it does seem egregiously unfair to potential employees.

One answer might be that a smart employer will specialize in finding and hiring blacks others overlook. Epstein's point is that we at least should be aware of the possible *costs* of prohibiting discrimination as well as the benefits. Still, while he is no doubt correct that there are costs in hiring a disparate work force, with possible squabbling over which holiday to take off or what food to serve in the cafeteria, these costs are unlikely in many cases to outweigh the benefits of a diverse work force.

This book's radicalism is just what the current state of civil-rights law requires. The Supreme Court, Congress, and the media devote much of their energies to topics such as "disparate-impact" analysis and the difference between quotas and timetables. At the same time, in the world not populated by lawyers, many urban blacks and other minorities are leading lives that are increasingly Hobbesian—poor, nasty, brutish, and short. It is not clear that abolishing the civil-rights laws would have any immediate positive impact on these communities, but there might well be important secondary effects. Instead of endless debates about legalities, we could have debates about how to help minorities become more valuable employees.

Minority employers would disproportionately benefit from a change in the law that would relieve them of the high marginal cost of complying with civil-rights law. Epstein cites the case of the Daniel Lamp Company on Chicago's South Side, charged by the Equal Employment Opportunity Commission with discrimination because twenty-one of its twenty-six unskilled employees were Hispanic, and only five were black. The EEOC ordered the small firm to pay more than $100,000 in back pay to blacks it had not hired. "The implicit social judgment in this administrative decision is that it would have been better for the firm never to have hired anyone than for it to have hired 31 workers on a disparate basis," Epstein writes. "How else can one interpret an administrative order sufficient to bankrupt the company?"

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WHAT ARE the prospects for a serious debate on the merits of this book? The answer may lie in the reception to Epstein's last book, *Takings: Private Property and the Power of Eminent Domain*. It made the radical argument that much of the New Deal is unconstitutional because of rampant violations of the constitutional requirement that government only "take" private property for a public use and then only if just compensation is paid. The Takings Clause had been all but read out of the Constitution before Epstein's 1985 book, which received respectful reviews from some scholars but was generally dismissed as a cranky call for a constitutional provision long gone and never to return.

Within a few years, however, the Supreme Court had adopted several of Epstein's arguments in property-rights litigation. And recall the first question Senate Judiciary Committee Chairman Joseph Biden asked Clarence Thomas during his confirmation hearing. It was not about natural law or abortion. Instead, it was about speeches Thomas had given urging that judges take property rights more seriously. Senator Biden, waving around a copy of *Takings*, demanded to know why now-Justice Thomas took such ideas seriously. Perhaps some day a Senate Judiciary Committee Chairman will wave around a copy of *Forbidden Grounds* as if it, too, were so much subversive material become mainstream.

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Deinstitutionalized Delinquents

JOHN J. DiIULIO, JR.

***Jerome G. Miller*: Last One Over the Wall: The Massachusetts Experiment in Closing Reform Schools.** *Ohio State University Press. 279 pp. $35.00.*

MOST PREDATORY street criminals—people who hit, rape, rob, burglarize, deal drugs, and murder—are teenage or young-adult males. Of the nation's over four million persons under correctional supervision (in prison, in jail, on probation, or on parole), a majority are males who had their first brush with the law before they were old enough to drink. In a major prisoner self-

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report survey conducted in 1990, 57 percent of the respondents said they were under eighteen at the time of their first arrest; 40 percent said they were under eighteen the first time they were convicted; and 70 percent said they had committed three or more serious crimes before their nineteenth birthdays. The median (as well as the mean) age at which they began their criminal careers was fourteen.

The main perpetrators and victims of the nation's inner-city drug-and-crime epidemic are young minority-group males who are barely old enough to vote. According to a recent report by the U.S. Bureau of Justice Statistics, from 1985 to 1988 persons age twelve to nineteen were victims of 1.9 million violent crimes and 3.3 million property crimes annually. Teenagers between the ages of sixteen and nineteen were three times more likely than adults to experience a violent crime, and black teens were three to five times more likely than white teens to be murder victims. In Washington, D.C., for example, about three-quarters of all homicides were committed by young black males against other young black males.

If anything, the raw crime statistics understate the actual amount of youth crime, both on the streets and inside the schools. Crimes committed against teens are much less likely to be reported to the police than crimes committed against adults. Thus, when we read such alarming recent headlines in the *New York Times* as "Homicide Records Set in Big Cities" and "Crime and Its Amplified Echoes Are Rearranging People's Lives," we have every reason to be alarmed, both for ourselves and for the fate of the inner-city youngsters whose lives are being ruined (if not ended) by their criminally deviant peers.

Given such disturbing but well-established facts about juvenile crime, it should be impossible for anyone to write, as Jerome G. Miller does, about "The Myth of 'Violent' Teenagers" (Chapter 14). But Miller is not just anyone. For the better part of two decades now, he has been celebrated far and wide for what he did during his three-year tenure as commissioner of the Massachusetts Department of Youth Services. Appointed to the post in 1969, between 1970 and 1972 he closed the state's seven juvenile reform schools (officially called "training schools"). This is the "experiment" referred to in the book's subtitle. *Last One Over the Wall* is the author's first-person account of how he ended "the ritual of institutionalization" in the Massachusetts juvenile-justice system.

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THE CONDITIONS Miller found in the Massachusetts juvenile lock-ups were horrific. With one exception (the Forestry Camp at Brewster), the facilities were human warehouses that did little to protect their young charges from each other, discipline abusive staff, provide juveniles with meaningful opportunities for self-betterment (education, drug treatment, psychological counseling), or offer them basic amenities while in state custody (decent food, clean living quarters, recreational and exercise opportunities).

Miller's impulse, however, was not to reform the facilities. Instead, he set out to abolish them. By adroitly publicizing these squalid conditions, Miller succeeded in mobilizing a strong coalition around his plan to close the state's reform schools. He persuaded key legislators that the institutions were schools of crime that did nothing to protect the public, spare its purse, or rehabilitate its wayward children. In fact, he made several high-visibility converts to his cause. Near the end of the book, for example, he recounts how each of a number of previously institutionalized delinquents "was given a sledgehammer and invited to beat down the cement walls of the small isolation chambers" at the Shirley Industrial School. On the scene was a state senator who had initially opposed closing Shirley. Miller invited him "to take a few whacks at the walls himself. Press and photographers were present as the senator joined in."

By 1971, Miller had the political support necessary to close most or all of the institutions. Still, he reports that he had "only a limited conception of what we needed to replace the institutions. Where would we send the reform school alumni? Could most go home?"

After several false starts, Miller asked groups across the state to submit proposals for "community-based alternatives" to accommodate reform-school youth. What resulted was a very mixed bag indeed. By the end of 1972, 175 different private programs had been awarded state contracts. Reports Miller:

> Kids were placed in universities, private prep schools, Outward Bound programs, specialized foster care, in a wide range of group homes, in their own homes with supportive family services, in art schools, in military schools ... and wherever else a program might develop in response to the needs of a troubled or troubling teenager for whom we were responsible.

The truth is that Miller never really had a blueprint for designing, implementing, and funding community-based alternatives. No serious thought was given to how, if at all, they might succeed where the reform schools had ostensibly failed. In his own words,

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he made "errors of judgment" about which programs to fund: "Some didn't work at all; some were incompetent; a few were dishonest."

But that is an apologetic understatement. Shortly after closing the reform schools, Miller left Massachusetts and became head of the Illinois juvenile system. As several well-placed persons who were on the scene at the time have observed, many of the community-based programs that he left behind provided desultory supervision and gave juveniles a virtual license to run wild; few programs provided the amount and quality of educational, counseling, and other services that they were supposed to offer.

In the early 1980s, Massachusetts Governor Ed King attempted to police the for-profit program contractors and proposed reopening improved reform schools. By that time, however, the private agencies that lived off the state's juveniles had enough clout to block any such plans. Miller admits as much: "Once these agencies had the money, they weren't about to give it up easily. Many were too powerful for the legislature to challenge." Also, he notes that reopening the institutions would have required the state to double its juvenile corrections budget. "The state was in no condition to absorb this kind of fiscal shock," he gladly recalls, "and as a result, the new system was left alone."

ACCORDING TO Miller, however, deinstitutionalization was more than just a successful political coup. He claims that it reduced juvenile delinquency in Massachusetts and diverted youths from the adult corrections system. But the evidence he offers in support of this claim is weak.

First, Miller cites a 1975 study conducted by the Harvard Law Center that provided an early evaluation of his experiment. The results were dispiriting to him: "I slumped back in my chair. Recidivism hadn't gone down. Statewide, it had increased slightly, particularly among girls. At best, our four years' effort had been a washout."

Based on the data in that study, that was exactly the right conclusion. However, Miller was soon persuaded by a few of his colleagues to abandon that conclusion in favor of a cheerier but false reading of the early evidence. Then as now, the state's juvenile crime rates varied between different jurisdictions. By an act of interpretive fiat disguised as statistical inference, Miller and his colleagues concluded that rates had gone down everywhere "good alternative programs" were in place, and risen everywhere they were not. The evidence, they reasoned, showed not that deinstitutionalization had failed but that it "hadn't gone far enough." Or, in

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Miller's tautological rendering, "the fault was in the implementation rather than the concept. Recidivism went down where we did things right." Apparently, they did not "do things right" or go "far enough" in most of the state, and among juvenile female offenders.

Second, Miller cites research which found that between 1978 and 1988 juvenile arrests in Massachusetts decreased at a faster rate than did the state's juvenile population. That is correct, but he fails to note that the same was true for many other states, including ones that had not deinstitutionalized juvenile delinquents. Moreover, he seems unaware that the methodology of the study he cites does not really permit one to isolate the effects (if any) of juvenile justice practices on these trends.

More broadly, Miller ignores evidence suggesting that the effects of deinstitutionalization on juvenile delinquency have been ambiguous at best. For example, in Massachusetts, as in many states that have not deinstitutionalized, about 12 percent of all arrestees are persons age eighteen or younger. Today, rates of criminal victimization among teenagers in Massachusetts are comparable to those in other states, and the drug-and-crime epidemic is as much a youth phenomenon there as it is elsewhere in the country. The state now has about 100,000 persons in prison, in jail, on probation, or on parole. Most of these adult convicts are thirty-five or younger. This means that many of them are graduates of his community-based alternatives.

Third, Miller cites a study that tracked 875 juvenile offenders in Massachusetts over three years. The delinquents were released from custody in 1984-1985. Within three years, half of them were rearrested at least once. He notes that in California and some other states in which "reform schools remained the backbone of state youth corrections," rearrest rates have ranged as high as 70 percent. But he does not note that in as many states juvenile rearrest rates have been lower than in Massachusetts. And, once again, he seems blissfully ignorant of the methodological problems with the research he cites.

AT SEVERAL POINTS in the book, one gets the sense that Miller knows that deinstitutionalization did nothing to reduce juvenile delinquency in Massachusetts, but is too proud to admit it. Instead, he makes frequent recourse to the argument he used to cheer himself up when the initial evidence came in: namely, that failures have occurred because deinstitutionalization did not go far enough or was retrenched. He complains in a footnote, for example, that his experiment was contaminated after

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1975 because "far too large a number" of the state's juvenile offenders were placed in "highly supervised settings such as group homes which are secure in terms of high staff-boy or staff-girl ratios."

The truth, however, is that deinstitutionalization in Massachusetts went as far as it could go short of simply abolishing the state's juvenile corrections system, and there has been no retrenchment. In 1990, fewer than one out of five of the state's juveniles remained in the "secure" community-based settings (no internal fences, locks, or walls) about which Miller complained. Between 1975 and 1987, the number of juveniles under any form of criminal custody increased throughout the country, but the increase in Massachusetts was 17 percent, slightly lower than the national increase of 19 percent. In 1989, the state's juvenile-custody rate per 100,000 juvenile population was 48, the lowest in the nation, and well under the national average of 221.

Contrary to Miller's mix of assertions, therefore, deinstitutionalization has had a fair twenty-year trial in Massachusetts, and there is as yet no credible evidence that it has checked youth crime or prevented juvenile delinquents from becoming adult offenders.

Still, deinstitutionalization did rescue the state's criminal youth from the institutional tortures of its reform schools. So much is good and true, but misses what for Miller is a very inconvenient fact: there has been, and continues to be, enormous variation in the quality of life inside juvenile facilities. Some are clean; others are filthy. Some are orderly; others are riotous. Some offer a rich menu of excellent education, drug treatment, employment training, and other programs; others offer none. In some jurisdictions, dedicated professionals have run safe, clean, cost-effective youth institutions; in other places they have not. Today, most of the nation's juvenile facilities are far from being hell holes.

Thus, the central premise of Miller's "experiment" was false. Deinstitutionalization was neither the only, nor by any means the best, way to reform the state's juvenile justice system.

MILLER MAKES repeated attacks on criminologist James Q. Wilson, calling him "resident ideologue" and a "guru of supply-side criminology." He dismisses Charles Murray's major 1979 study of how incarceration reduces delinquency as the product of a "conservative analyst" who analyzed his data in light of a "rigid conservatism." And he accuses officials of the Bureau of Justice Statistics of "routinely putting a 'spin' on convocations, research findings, and policy studies, imputing credibility to those

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that fit current ideology and disregarding or discarding the ones that don't."

Such ruminations undercut Miller's frequent appeals to the reader's social conscience. On one page, he asks that we see the good in predatory criminals, young and old, who have inflicted real pain and suffering on others; on the next, he vents unseemly anger at people whose only crime was to rebut his pet ideas or to dispute his rosy account of what he did in Massachusetts.

But the most revealing passage of the book comes when Miller describes his contemporary in the state's adult corrections system, John Boone, saying that Governor Francis Sargent appointed Boone "to lead the system in a progressive direction." In fact, Boone's tenure brought mayhem, murder, and a near-total loss of control inside the state's prisons. Yet Miller is dead silent about the reform-induced horrors suffered by the state's prisoners (one of whom wrote a book in 1975 begging state corrections officials to "reinstate the discipline that was in effect five years ago"). Instead, he observes that his ally Boone "was eventually forced from office.... And his troubles diverted some attention from ours." Given the human and financial toll of Boone's "progressive" leadership, to learn that it "diverted attention" from Miller's follies is cold comfort.

Miller failed to repeat his Massachusetts miracle of deinstitutionalization in Illinois and the other places he worked subsequently. Today, he is the president of a penal-reform organization. In his closing chapters, he offers his opinions about broader issues of crime and punishment in America. He wants to increase the number of adult offenders under community-based supervision. The fact that three out of four adults convicted of crimes are already on the nation's streets apparently gives him no pause.

Miller concludes by wondering whether his own approach to crime and corrections is just "too compassionate for the times." Given the number of people already victimized by probationers and parolees—particularly citizens who have the misfortune of residing in the disadvantaged communities to which felons are typically released—for Miller to call his proposals "compassionate" seems a cruel irony indeed.

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Cities on the Edge

VINCENT J. CANNATO

***Joel Garreau*: Edge City: Life on the New Frontier.** *Doubleday. 546 pp. $22.50.*

AS THE NATION'S cities continue to decay, urban mayors complain that their cries for help are being ignored. State and federal governments have little money to devote to cities. Even if they did, few citizens outside the affected areas would be likely to view such spending favorably. Instead, politicians are focusing on the predominantly suburban middle class, many of whom feel squeezed by the recent economic downturn. This new strategy makes sense. According to 1990 Census figures, 48 percent of Americans now live in the suburbs while 29 percent live in urban areas. Forty years ago, the numbers were 26 percent and 35 percent respectively.

Ironically, central cities have now become peripheral to the lives of many suburbanites. In the 1940s, a housewife in suburban New York would have taken the train into Manhattan to do her Christmas shopping. Today, she might need to walk less than ten minutes to shop at the same stores. Shops, jobs, social and cultural events, and most every human need have followed those who moved to the bedroom communities of postwar suburbia. Can suburbanites become interested in the problems of the inner city when they are preoccupied with their own problems: excessive growth, traffic congestion, crime, taxes, and the quality of schools?

It is clear that America's attitudes toward its cities have changed in the twenty-five years since the Great Society's ill-fated attempt to revive urban America. According to *Washington Post* reporter Joel Garreau, Americans are now engaged in "the most sweeping change in 100 years in how they live, work, and play." That change, as suggested by the title of his new book, *Edge City: Life on the New Frontier*, is the formation of newly created, pseudo-urban clusters on the edges of our traditional cities. No longer are Americans following the postwar pattern that separated a suburban home life from work in the city. In fact, claims Garreau, the "edge city" may be "the most purposeful attempt Americans have made since the days of the Founding Fathers to try to create something like a new Eden."

Garreau set out to examine the edge-city phenomenon by interviewing developers and residents in nine metropolitan areas: New

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Jersey, Boston, Detroit, Atlanta, Pheonix, Texas (Dallas and Houston), Southern California, San Francisco, and Washington, D.C. His claim that his book is not a theoretical work reflects his subject. His main theme is that edge cities are not the well-ordered, aesthetically pleasing creations of urban planners, but are instead formed by the infinite number of everyday actions and choices of millions of average Americans. He sees the edge city as part of the continuing American experiment, "a community in spite of planning, not because of planning."

Americans, in Garreau's words, are "smart cookies who know what they are doing." Not everyone, however, shares his benign view of the movement away from traditional cities. Historian Kenneth Jackson, for instance, in a recent *New York Times* review of *Edge City*, writes that "if some Americans are 'smart cookies,' it is because they have learned how to use the beltways and interstates to keep one jump ahead of the huddled masses...." This kind of cynical analysis may have made sense when applied to turn-of-the-century suburban pioneers, an affluent minority that sought to escape cities teeming with immigrants whose values and customs were decidedly non-Protestant. Today's edge city residents are no longer a small, white minority escaping the urban masses, but middle-class Americans—white, black, and Hispanic. In the Washington area, for example, suburban Prince George's County in Maryland has become a majority black county. Nor are these new suburbanites running away from today's new immigrants. Virginia's Fairfax and Arlington counties boast large communities of Vietnamese, Korean, and Central American immigrants.

What then is an edge city? Garreau is not the first to discover this phenomenon. Edge cities have been alternately called "technoburbs," urban villages, and perimeter cities. By Garreau's reckoning an area must meet five major requirements to be designated an edge city. First, it must have more than five million square feet of leasable office space. Second, it must have more than 600,000 square feet of leasable retail space. Third, there must be more jobs than bedrooms in an edge city. Fourth, it must be "perceived by the population as one place." Finally, an edge city's location must not have been a city thirty years ago.

AMBIVALENCE characterizes much discussion of urban America today. Cars are seen as expressions of individuality and personal freedom, but of course they are dangerous, emit gases harmful to the environment, and cause traffic congestion. Zoning laws are criticized as a means for the affluent to keep the poor out of exclusive neighborhoods, yet they are also an effective

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way to restrict urban growth and preserve historic districts. Mass transit is both environmentally benign and public-spirited; still, as a mass transit official quoted by Garreau explains, "show me a man over thirty who regularly takes the bus, and I'll show you a life failure." Edge cities, too, are viewed with ambivalence. While they express the dynamism of American society and commerce, they are simultaneously gaudy, tasteless, and sterile.

Here is Garreau, at his reportorial best, describing a modern edge city in North Dallas:

> California Spanish-tile-covered Asian postmodernist buildings. Pink bronze reflective glass. Unintended intimacies: town houses built right up next to the elevated speedway. A vaguely British office castle with an enormous archway cut right through the middle of it—a portcullis eight stories ... high. Blue reflective glass. The Marriott. Unfinished cement walls. A Mercedes symbol four stories high, right next to a place that calls itself Leather Land.... It's all so close, so immediate, so reeling. The North Dallas Athletic Club with the American flag, the Texas flag, and the American flag again.... And parking garages matching the curve of a ramp as it swirls around like the frozen contrail of a jet fighter on the attack.... A roll of curved horizontal glass off an office slab in a series of waves exactly repeated by a roll of water falling beneath it. Atria. Steel pylons carrying the power, ah yes, the power. A billboard: MAKE YOUR NEXT DATE A TWO-BAGGER. Two people pictured, each with potato chip bag over head....

Although a bit exaggerated, this is a fair representation of the often surreal world of edge cities in the Information Age. If polluted air, dingy factories, and the roar of the locomotive symbolized the old urban world of the Industrial Age, the glitz, flash, and jolting juxtapositions described by Garreau represent our new world.

To ease his doubts about the kind of scene described above, Garreau cites Venice as an example of a city that began haphazardly, without planning, fired by the engines of commerce. Historian Dennis Romano assures Garreau that Venice "was built by hook or by crook ... [It] is a monument to a dynamic process, not to great urban planning." Garreau's assessment of edge cities ranges from admiration for the creativity and freedom they represent to despair at what this freedom has created.

NOWHERE IS THIS sense of ambivalence and contradiction better developed than in the chapter on Washington. Garreau focuses on the developer John T. "Til" Hazen, who brought to the Washington area the prototypical edge city: Tysons Corner, Virginia. Tysons Corner, less than fifteen miles west of Washington and a mere 1,800 acres in size, is now home to 4.5 million square feet of retail space and 20.5 million square feet of

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office space (not including hotels and car dealerships) where as recently as twenty-five years ago stood vast farmlands.

While Hazen made many enemies changing the suburban Virginia landscape, his real troubles began in 1988 when he bought 542 acres along Interstate 66 in the suburban Virginian town of Manassas, nearly thirty miles west of Washington. Hazen proposed building 2.9 million square feet of commercial space, including a 600-acre mall, as well as over 500 new homes. But a problem arose. Hazen's tract of land was located right next to the Manassas National Battlefield Park, and included Stuart's Hill, Robert E. Lee's headquarters during the Second Battle of Manassas.

The ensuing fight pitted two sides of the American psyche against each other. As Garreau explains, "one sees the untouched land as an object of veneration, a source of spiritual strength. The other sees the land as a commodity to be used and exchanged for money, like any other." For Garreau, this split can be traced back to two conflicting visions: that of the seventeenth-century Virginia Cavaliers, who viewed the New World as a wonderous Eden of virgin nature, and that of the Massachusetts Pilgrims, who saw the New World in need of "the civilizing influence of man."

Hazen, although a Southerner himself, is portrayed as the spiritual descendant of the Pilgrims, bent on bringing the "Machine" into the "Garden," and with it civilization in the form of jobs, homes, wealth, and prestige. The descendants of the Virginia Cavaliers were those who formed the "Save the Battlefield Coalition." They were intent not only on keeping the bulldozers from plowing under a part of American history, but on keeping progress and its attendant problems at bay. In the end, Hazen was forced to sell his land to the federal government (at a price over seven times what he paid for it two years earlier) in order to prevent a new edge city near the Manassas battlefield. Yet Hazen had the last word. After their victory, members of the Save the Battlefield Coalition gathered at the battlefield. Overhead flew a plane carrying a banner proclaiming, "The Taking of Private Land is Un-American." And so ends Garreau's narrative.

IN HIS RUSH to claim the edge city as a quantifiable scientific discovery and to declare himself a modern-day Columbus, Garreau obscures the many complexities surrounding the modern American landscape. By book's end the reader remains hard-pressed to identify exactly what an edge city is. Garreau often uses the term as if it were a mantle to be draped over any recent development or growth explosion outside traditional urban areas. He stretches its meaning to include nearly all recent development in

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the United States. Yet the dissimilarities between the places Garreau calls edge cities show the problem of a unified definition. According to Garreau, the edge cities of Orange County, California, have caused a loss of community and increased social isolation, while the edge cities of Phoenix, Arizona, suffer the opposite problem—a restrictive sense of community in the form of "shadow governments" that control the use of a resident's home and property. Designating Alexandria, Virginia, and White Plains, New York, as edge cities also seems questionable; both have always been small-scale cities in their own right. To group them with the Route 128 corridor in Massachusetts and Tysons Corner, Virginia—both of which have seemingly grown out of nowhere—waters down the definition so much as to make it meaningless.

The name "edge city" also implies that Americans are simply leaving the cities and creating similar forms in previously non-urban areas. The term implies a re-centralization, while the main impulse has been decentralization. In fact, the edge-city phenomenon resists classification; even to give these new creations a name distracts from what they really are: anti-cities. If traditional cities began with a core of industry or commerce and spiraled outwards, usually along commuter-railroad or electric-car lines, edge cities are formed by the networks of offices and stores—linked by roads—that form around thousands of scattered households.

Nevertheless, Garreau tells a story steeped in American pragmatism. Eschewing the utopian vision of urban planners, Garreau sets out to see what is actually being built in America and how average citizens are reacting to it. In introducing the first section of his book, Garreau uses the well-known quote from *The Adventures of Huckleberry Finn*, "But I reckon I got to light out for the Territory," to equate Huck's future travels into the frontier with America's journey into the edge city. But just as those who had such high hopes for the frontier in Huck's time often became disillusioned by the harsh, unforgiving life in the new territories, Garreau slowly loses his early enthusiasm for his present-day frontier by the end of the book.

Despite this, Garreau does not give up hope entirely. Who knows? Someday even the Whippany-Parsippany-Troy Hills "edge city" might turn into a postmodern Venice. Garreau is optimistic that over time our infinite creative capacities will enable us to fine-tune our new pseudo-urban conglomerations. For now, Americans do seem to choose to live, work, and play in these new anti-cities—by whatever name one calls them.

Vincent J. Cannato is managing editor of The Public Interest.

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